

The Global Newspaper
Edited and Published
in Paris
Printed simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague, Moscow,
Milan, Rome.

10

No. 32,481

31/87

Herald Tribune

Published With The New York Times and The Washington Post

LONDON, THURSDAY, JULY 30, 1987

ESTABLISHED 1887

Tamil Pact Signed in Colombo

Gandhi Pledges India's Support, Riots Continue

Compiled by Our Staff From Dispatches
COLOMBO, Sri Lanka — The leaders of India and Sri Lanka signed an agreement Wednesday intended to end four years of ethnic conflict in Sri Lanka, but Sinhalese opponents of the accord rioted for a second day.

At least 15 people were killed and 75 injured, including six policemen, according to police and reports from around the nation.

Although Prime Minister Rajiv Gandhi of India and President Jaiyadas R. Jayawardene of Sri Lanka signed the accord, the agreement was not witnessed by any representative of the Tamil rebels.

They have been fighting the Sinhalese-dominated government to gain a Tamil homeland in the island's Northern and Eastern Provinces where most of the Tamils live.

Mr. Gandhi pledged after the signing to "scrupulously fulfill the obligations" of the peace pact, which would set up a single provincial council to govern the two provinces and grant amnesty to the rebels.

Asked about the reservations of the Tamils, Mr. Gandhi said they were continuing. "I feel they will go along with us on this," he added.

Mr. Gandhi said Tuesday that Vellupillai Prabhakaran, leader of the main rebel group, the Liberation Tigers of Tamil Eelam, had made a last-minute statement reversing his opposition to the pact. Mr. Prabhakaran could not be reached for comment.

The Tamils, who comprise 18 percent of Sri Lanka's population of 16 million, say they are discriminated against by the Buddhist Sinhalese. Most Tamils are Hindus, as are most Indians. The Tamil rebels have exile headquarters in southern India, where there is a large Tamil community.

The pact has divided Mr. Jayawardene's government amid Sinhalese fears that it means a de facto division of the island. Prime Minister Ranasinghe Premadasa, and his agriculture minister boycotted Mr. Gandhi's visit.

Many Sinhalese believe the pact makes too many concessions to the Tamils, and violent protests broke out in Colombo for a second day and spread Wednesday to other southern cities. Buddhist monks led many of the demonstrations.

Police opened fire on crowds at several sites to disperse mobs. Mili-

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The Italian village of Aquilone, where 14 persons were still missing Wednesday after a landslide and high winds. Page 2

Republican Governors See Bush Ahead, Dole Back, Rest Out

By David S. Broder

Washington Post Service

TRAVERSE CITY, Michigan — The race for the Republican presidential nomination, in the eyes of state governors who are members of that party, has become largely a two-man contest, with Vice President George Bush well ahead of Senator Bob Dole of Kansas, the Senate minority leader.

Interviews with most of the 24 Republicans at the National Governors Association meeting, which ended Tuesday in Traverse City, produced repeated comments that the Iran-contra hearings have not seriously threatened Mr. Bush's candidacy and that his methodical personal campaigning and organizational work have made him the man to beat.

Governor George Deukmejian of California, saying the vice president "is further along than other candidates," told reporters that Mr. Bush has benefited from the Iran-contra hearings.

"There was speculation early he might be wounded, and that has not happened; so it's given him an

opportunity to get additional financial and volunteer support," he explained.

Across the country, "Bush is the heir apparent," said Governor Edward DiPrete of Rhode Island, adding, as did several others, that the vice president "has set out his own agenda," distinct from President Ronald Reagan's, in order to hold support.

Mr. Bush's aides said he would do that in an intensive speaking schedule between his formal announcement of candidacy, now planned for mid-October, and a series of network-sponsored television debates in early December.

For some Republican governors, that will be none too soon. "I told him three years ago he had to strike out on his own and be his own man," said Governor Henry Bellmon of Oklahoma.

Despite such comments, Mr. Bush's aides claim that they have realistic hopes of expanding his list of formal endorsements from the present four to as many as 14 governors before the first primary election. They expect no more than three governors to support other candidates.

Except for governors from such early primary and caucus states as Iowa and New Hampshire, most of those interviewed reported little organized support for the other Republican contenders: Representative Jack F. Kemp, Pierre S. du Pont 4th, Alexander M. Haig Jr., Paul Laxalt and Pat Robertson.

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rubbed off on our senator." He was referring to Senator Warren B. Rudman, Republican of New Hampshire, who is co-chairman of the Senate panel and likely leader of Mr. Dole's effort in New Hampshire.

Mr. Bush was judged to be ahead in Alabama, California, Florida, Illinois, Indiana, Maine, Massachusetts, Oklahoma, South Carolina, Texas, West Virginia and Wisconsin. Mr. Dole's strength is concentrated in the Midwest and North Carolina, the home state of his wife, the U.S. secretary of transportation, Elizabeth Hanford Dole.

Surprisingly, the most serious doubts about Mr. Dole's candidacy were raised by Mr. Bellmon, who served 12 years in the Senate before retiring in 1980.

"I like Bob Dole as a person," he said, "but he's very deficient in the international area, where Bush is very strong." Mr. Bellmon also expressed concern over whether Mr. Dole has abandoned what Mr. Bellmon called "the caustic, destructive, hip-shooting" tactics he used as the 1976 Republican nominee for vice president.

From there, the helicopters will fly to meet the USS Guadalcanal, an amphibious landing ship and helicopter carrier taking part in routine exercises in the Indian Ocean, the sources said.

The officials, who insisted on anonymity, refused to say when the Guadalcanal and the RH-53D helicopters would arrive in the Gulf. But the trip would require several days of steaming time, one official said.

The sources said the Bridgeton, a Kuwaiti tanker flying the U.S. flag, would join another refloated tanker, the Gas Prince, in sailing from Kuwait under U.S. naval escort by Friday. The Bridgeton struck a mine last Friday on the first U.S. escort trip into the Gulf but was able to continue on its way.

One official, in discussing the movement of the big RH-53D helicopters, said it was likely that only four of them would operate off the Guadalcanal at a time.

"These are huge copters," he said. "But we want to get at least eight over there in the vicinity. Some will probably stay on Diego Garcia for the time being."

Kuwait and Saudi Arabia have

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For Meese, A Case of Incuriosity

By Haynes Johnson

Washington Post Service

WASHINGTON — To the attorney general of the United States, the Iran-contra affair was a case of confusion, and during his first day on the witness stand Edwin Meese 3d left as many questions unanswered as answered. His testimony was a study in curious incuriosity.

It was also a study in contradictions between Mr. Meese's role as

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the president's longtime personal adviser, friend and political confidant and his position as the nation's chief legal officer.

For the congressional Iran-contra committee, Mr. Meese added another dimension on Tuesday to the parade of witnesses in the hearing rooms and before the television cameras. Retired Major General Richard V. Secord appeared arrogant while testifying; Robert C. McFarlane, the former national security adviser, was evasive; Lieutenant Colonel Oliver L. North was seductive; Rear Admiral John M. Poindexter was evasive; Secretary of State George P. Shultz was wronged.

Mr. Meese was affable throughout. And the story he told was marked by singular lack of passion and curiosity. As he described it, his inquiry for President Ronald Reagan into the origins of the Iran arms sales was casual. He seems to have experienced no sense of alarm, anger or betrayal as he learned that some of the president's closest advisers were deeply involved in what he himself belatedly recognized to be a possible criminal master.

By his own account, he appeared reluctant to ask important officials tough questions about exactly what

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Attorney General Meese said the U.S. is still trying to free hostages in Lebanon. Page 6.

French Battle Group Is Ordered to Sea

International Herald Tribune

PARIS — France ordered an aircraft carrier battle group to sea Wednesday, saying it intended to "protect our interests in the Mediterranean and the Indian Ocean."

The order, from Defense Minister André Giraud, had been expected since Sunday, when the French Mediterranean fleet was put on alert in the southern port of Toulon. It added a new dimension to a protracted quarrel with Iran that prompted France to break diplomatic relations on July 17.

The Defense Ministry said the ships — the aircraft carrier Clemenceau, two frigates and a supply vessel, with a total of 3,000 crew members — would sail by noon Thursday. But it declined to say

an accord on the reparation of the diplomats of both countries. Meanwhile, it is strengthening its forces in the Gulf area in anticipation of a possible worsening of the situation.

If the Clemenceau continues to the mouth of the Gulf, its 40 Super-Etendard planes will be within reach of Iranian bases.

The original declaration of the alert Sunday meant that about 2,000 French sailors had to return immediately from leave.

Defense experts said the remobilization of so many personnel made it difficult for the French Navy to keep the fleet in port awaiting orders, when the diplomatic situation could take weeks to resolve.

Three French frigates from France's Indian Ocean fleet are already in the Gulf. The United States, Britain and France patrol the area but have never sent an aircraft carrier through the Strait of Hormuz into the war zone, since a carrier's size and low maneuverability would make it an easy target.

Mr. Giraud gave the order after a meeting between President François Mitterrand and Prime Minister Jacques Chirac. Since the decision

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U.S. Sends Copters to Sweep Gulf

Bonn Rejects Request to Help Hunt for Mines

The Associated Press

WASHINGTON — Defense Secretary Caspar W. Weinberger has ordered the U.S. Navy to send eight minesweeping helicopters to the Gulf, where they will operate from a helicopter carrier, Pentagon officials disclosed Wednesday.

The order was issued Tuesday, and the sources said the departure of the helicopters from a base in Norfolk, Virginia, aboard C-5 transport planes was "imminent."

The development was not expected to delay the departure of a convoy of oil tankers from Kuwait with a U.S. escort.

[West Germany said Wednesday that it had turned down a request by Mr. Weinberger to help search for mines in the Gulf. Reuters reported from Bonn.]

[A Defense Ministry spokesman, Horst Prayon, said the West German Constitution prohibited Bonn from sending naval vessels to the Gulf, but that Defense Minister Manfred Wörner would visit Mr. Weinberger in Washington on Monday to discuss other possibilities of using the West German Navy to help the United States.]

Under the plan disclosed Wednesday, the helicopters and support crews will be ferried to the island of Diego Garcia in the Indian Ocean.

From there, the helicopters will fly to meet the USS Guadalcanal, an amphibious landing ship and helicopter carrier taking part in routine exercises in the Indian Ocean, the sources said.

The officials, who insisted on anonymity, refused to say when the Guadalcanal and the RH-53D helicopters would arrive in the Gulf.

But the trip would require several days of steaming time, one official said.

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Kuwait and Saudi Arabia have

See GULF, Page 6

Probing the Boundaries of Glasnost

Protest and Raucous Rock Concert Leave Moscow Agog

By Philip Taubman

New York Times Service

MOSCOW — A joyous rock concert and an angry public demonstration in the last few days have established new boundaries for spontaneous public behavior and protest in Soviet society.

In different settings and for reasons that could hardly have had less in common, a group of Crimean Tatars seeking to redress grievances and the audience at a Billy Joel concert threw away the rule book that has governed public activities in the Soviet Union for decades.

Together, the Crimean Tatars and rock fans pushed Mikhail S. Gorbachev's drive for glasnost, or "openness," to a point that clearly left the authorities anxious. It seemed to amaze the participants themselves.

The Tatars, who want to regain the Crimean homeland from which they were exiled by Stalin in 1944, marched noisily outside the Kremlin for more than 24 hours over the weekend. Many of the people there said they had never witnessed, much less taken part in, such a breakdown in the normal decorum at a public performance. The scene was repeated Monday night.

Even a few months ago, it would have been inconceivable for a human rights protest to occur in the heart of the capital without the participants being quickly whisked away by the police.

There was no immediate confirmation of the report from Damascus or any other source.

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appointment over what they said was a failure by the government to guarantee a sympathetic inquiry into their case.

At the rock concert, held Sunday night at the Olympic Stadium, thousands of people, energized by the presence and music of Mr. Joel, bolted from their seats an hour into the performance and started dancing in the aisles and pressing against the stage.

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Following a series of less disruptive demonstrations in recent months in Moscow and Leningrad by unrelated groups, the latest events suggested that both citizens and the government were feeling

their way toward unexplored territory, unsure how far they could go.

One indication of the uncertainty was the reaction of the Soviet concert organizers, who first upbraided Mr. Joel's associates for letting things get out of control, then later assured the Americans that everything was all right.

As the people in the audience, who sat almost motionless through the first part of the concert, broke out of the trance that seems to affect Soviet spectators at public events, many people looked around in astonishment at the scene and their own role in it.

Although such behavior at rock concerts would be routine in the West, spontaneous behavior at public events is absent in the Soviet Union. What made the behavior all the more striking was that many of those dancing and gesturing wildly were people in their 30s and 40s, who normally would be likely to condemn such conduct.

It was as if emotions and energy that had been pent up for years were suddenly released.

News of the Crimean Tatar protest and the raucous behavior at the concert, although not reported in the Soviet press or on television, was repeated Monday night.

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TALKING IN GENEVA — Alexei A. Obukhov, right, the deputy leader of the Soviet arms negotiating team, and two aides discussed documents on Wednesday to be given to their U.S. counterparts. Moscow insisted on respecting the 1972 ABM treaty. Page 6.

Daggers Amid Feathers and Bows

Lacroix's Stardom Is Too Much for Saint Laurent

By Hebe Dorsey

International Herald Tribune

Goria: A Modest 'Superstar' Offers Italians a New Image

By Roberto Suro
New York Times Service

ROME — Giovanni Goria likes to recall that his first big move into national politics, his appointment as treasury minister in 1982, came as such a surprise that he had to borrow a friend's dark suit for the swearing-in ceremony.

Dressed in slightly informal bluish-gray, Mr. Goria took an oath Wednesday morning that made him prime minister of Italy's 47th postwar government. The man who described himself as "an accountant who's also a politician" still expresses surprise at his own success, but by now a certain modesty has become part of Mr. Goria's political personality.

Mr. Goria has retained the image of an outsider in Rome although he has been in Parliament since 1976 and is a well-established player in the corridors where deals are made. Behind a salt-and-pepper beard, he radiates an earnest lack of pretension, yet he is also one of the most effective and most visible television personalities on the political scene.

Proclaiming him a "superstar" in a cover story this week, the newsmagazine *L'Espresso* speculated whether the considerable appeal of Mr. Goria's personality, as documented in public opinion polls, would translate into political strength. The contrast between his soft-spoken style and the stridency most typical of his immediate predecessors is listed as one of his major assets.

Mr. Goria, whose 44th birthday is Thursday, is already the youngest man to lead Italy since the fall of Fascism. Now commentators are wondering whether he might also be the first to take full advantage of the gradual "Americanization" of Italian politics, which has seen some growing in importance at the expense of party machines.

When he had finished reading off the names of his cabinet mem-

bers on television Tuesday night, Mr. Goria added a quip under his breath, a slang expression that might translate as "Oh lord, wish us luck."

Mr. Goria is going to need all the clever gestures, good luck and blessings he can get, according to most analysts. In a front-page editorial Wednesday, the Milan newspaper *Il Giornale* said, "Goria clamorously blundered his entry on stage. It was not all his fault, but he is the one who lost face."

Twice Tuesday evening he had to postpone announcing the formation of his government while the members of his five-party coalition haggled over the distribution of cabinet posts. At one point, his aides have suggested, the whole enterprise looked like it was going to collapse after two weeks of negotiations, forcing Mr. Goria to an-

5 Parties Share Coalition Posts

The Associated Press

ROME — Giovanni Goria's coalition consists of the same five parties that have governed Italy together in often uneasy alliances since 1981: the dominant Christian Democrats plus the Socialists, Republicans, Liberals and Social Democrats.

The cabinet consists of 15 Christians, Democrats, including Mr. Goria, eight Socialists, three Republicans, three Social Democrats and one Liberal.

The deputy premiership went to a Socialist, Giuliano Amato, who also was named treasury minister. Giulio Andreotti, a Christian Democrat and five-time prime minister, remained as foreign minister. The departing Christian Democratic caretaker prime minister, Arnimont Fanfani, is Mr. Goria's interior minister.

First as budget undersecretary and then as treasury minister, Mr. Goria has played a central role in developing economic policy during a period that has seen Italy enjoy a boom in productivity and a sharp decline in inflation. Opinions are sharply divided over how much credit he deserves.

Eugenio Scalfari, editor of Italy's top-circulation daily, *La Repubblica*, wrote last week: "If inflation has come back under control, to the extent that it has not depended on international factors, the merit should be ascribed to him, along with the governor of the central bank."

Others reject Mr. Goria's image as the hard-nosed administrator of unpopular but successful policies. Bruno Visentini, a Republican who



Giovanni Goria

announce that he had failed to form a consensus.

The messy display of power brokering is being widely described as a sign of the fragmented and highly combative political situation that Mr. Goria will have to manage. His capacity to meet this kind of challenge is a virtual unknown.

Born in Asti, the Piedmont town famous for its sparkling wines, Mr. Goria is the son of a civil servant and a shopkeeper. He studied economics and worked at a local savings bank but was already a member of the Christian Democratic Party at age 17. His career advanced under the patronage of Circaco De Mita, the current party secretary, and he quickly became the Christian Democrats' most authoritative voice on economic matters.

His wife, Eugenia, and their two children, ages 15 and 11, have remained in Asti. Meanwhile, Mr. Goria has kept a studio apartment in Rome, and he has become a familiar figure in the capital's fashionable restaurants and chic salons. He confesses to being "a fugitive father," seeing his family only on some weekends.

The talents he brings to his new job were summed up by Indro Montanelli, editor of *Il Giornale*, who wrote: "The man is certainly not a Bismarck or a Metternich. But, he has a clean face, full of energy, he stirs up maternal instincts in women and he also pleases men because, among so many matadors, he stands out with his air of a somewhat clumsy rustic."

As ratified copies of the 1986 French-British treaty were exchanged, Mrs. Thatcher replied that construction of the tunnel, Europe's largest civil engineering project ever, had been foiled in the past "by bureaucracy, narrow minds or plain fear of the unknown."

The exchange of documents, which include procedures for arbitration in the event of disagreements, was made possible when the House of Lords ratified the treaty July 16 and Queen Elizabeth II gave the Royal Assent last Thursday. The French Parliament ratified the treaty in the spring.

"No one would have been more thrilled than Queen Victoria, who always saw a channel tunnel as of-

Britain, France Give Go-Ahead to Tunnel

By Julian Nundy
International Herald Tribune

PARIS — Britain and France completed the last formalities Wednesday for building an English Channel tunnel, giving the final go-ahead to construction of a project whose concept dates back at least 236 years.

But despite an atmosphere of mutual congratulation, the picture was still marred by British reluctance to build the necessary rail lines for the highly successful French high-speed train or TGV, to run at its top speed of 180 miles per hour (280 kilometers per hour) as far as London.

If the train, which needs special tracks with a minimum of bends and curves, were to be fully exploited, a traveler could go from central Paris to central London in three hours and 15 minutes, about 45 minutes faster than the current average time for a plane passenger.

President François Mitterrand told Prime Minister Margaret Thatcher at a ceremony at the Elysee Palace that the tunnel, a 30-mile (48-kilometer) rail link scheduled for completion six years from now, meant that "we can at last say that the continent has ceased to be isolated."

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"No one would have been more thrilled than Queen Victoria, who always saw a channel tunnel as of-

ferring salvation from her dread of sea sickness," the British prime minister said.

Mr. Mitterrand said that he did not expect what he called Britain's "insular spirit" to disappear.

The \$7.5-billion tunnel, to be built by the Eurotunnel consortium, will be constructed entirely by private enterprise with no state funding, a condition that is strictly laid down by the various treaty provisions.

Ridge machinery has already been built to begin boring the tunnel early next year, and Mrs. Thatcher said that £23 million (\$37 million) worth of equipment had already been ordered from British companies. Exploratory work is under way.

Mrs. Thatcher said that France and Britain planned to operate high-speed trains "between Paris and London from the date of opening of the tunnel."

But officials made it clear that this meant only that the TGV would run at a maximum speed of 100 mph on existing tracks. The lines that it would use in southeastern England will serve a network of slow commuter trains. The restriction will make the journey last around four hours.

British Rail officials attending the Elysee ceremony said that the TGV used on the run would have to be adapted for use on British tracks. One problem is that French trains use overhead cable for their electricity whereas trains in southern England get power from a third rail on the ground.

At the 13th Communist Party Congress this October, I want to join the rear guard," Japanese sources quoted Mr. Li as telling Makoto Tanabe, the head of a Japanese Socialist Party delegation. "I want to resign from the Politburo and the Politburo Standing Committee." Mr. Li, who turns 78 this year, did not specify whether he would also renounce the presidency, a post to which he was elected in 1983.

Western analysts said the announcement indicated that China's senior leader, Deng Xiaoping, who has also expressed a desire to renounce key posts this autumn, may be succeeding in his efforts to persuade aging party veterans to quit the Politburo.

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Protest Strike Slows Panama, but Arrest Gets Little Reaction

By Larry Rohter

New York Times Service

PANAMA CITY — A nationwide general strike aimed at removing the country's military leader, General Manuel Antonio Noriega, has ended after bringing activity to a virtual halt across Panama.

Meanwhile, however, public reaction to the dramatic arrest of the government's harshest critic has been muted.

The critic, Colonel Roberto Diaz Herrera, was seized Monday along with 45 followers, family members and bodyguards after government helicopters and troops attacked his home. He was in custody at an undisclosed location.

Newspapers published photographs Tuesday of Colonel Diaz Herrera, the former No. 2 official in the Panamanian military, with a government prosecutor as proof that he had not died in the attack.

Colonel Diaz Herrera had been relieved of his command early last month after charging that General Noriega, the commander of the Panama Defense Forces, was involved in corruption and had ordered political killings.

Those charges — denied by the government — prompted a wave of unrest, to which General Noriega has responded with increasingly tough measures.

The attack on Colonel Diaz Herrera's suburban compound came a day after the death in a mountain town 75 miles (120 kilometers) northwest of the capital of a politically active college student.

Family members said the student, Enrique Carrera, 24, was shot in the stomach after a police patrol heard him call out, "Down with General Noriega!"

A military communiqué said "there were no deaths or injuries from gunshots" during the attack on Colonel Diaz Herrera's house. But that was contradicted by wit-

nesses, including the colonel's lawyer, Alvin Weeden Gammie.

"We saw people who were obviously wounded, and perhaps even dead, being evacuated," he said.

Mr. Weeden said that Colonel Diaz Herrera had been beaten by the government forces who apprehended him "after 30 minutes of gunfire."

He added that the government had not responded to a habeas corpus petition filed on behalf of the colonel and his wife and four children, who also were said to have been taken into custody. The government denies this.

Newspapers quoted Colonel Diaz Herrera as having told government prosecutors that "I can produce no proof" to support his earlier accusations against General Noriega. Colonel Diaz Herrera was said to face a battery of charges ranging from sedition to illegal possession of firearms.

A leader of the general strike said there were no plans to continue the stoppage. "We've been very successful, but it's time to call off the strike," said Roberto Brenes.

The leader of the Christian Democratic Party, Ricardo Arias Calderon, a central figure in the opposition to the military regime, said activity in the capital was "slower than on a Sunday in Lent."

Outside the capital, the situation was much the same, according to diplomats, opposition leaders and local journalists.

Mr. Arias Calderon said opposition efforts to capitalize further on popular resentment against General Noriega had been hampered by new restrictions on the press.

Three opposition dailies were closed Sunday.

On Tuesday, newspapers published the texts of modifications of government decrees, including a new measure permitting the government to keep any press organ accused of "incitement to rebellion, sedition or mutiny" closed for the duration of an investigation.

Townsend Told to Pay Costs

Reuters

LONDON — Townsend Thoresen, operators of the English Channel car ferry that capsized March 6 at Zeebrugge, Belgium, killing 188 people, was ordered Wednesday to pay £400,000 (\$640,000) toward the cost of the public inquiry into the disaster. The chairman of the inquiry, Sir Barry Steers, said the company had to bear heavy responsibility for the disaster.

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Reagan Outlines Steps to Promote Superconductor Development

By James Gleick

New York Times Service

WASHINGTON — Responding to the perception of a strong challenge from Japan and other countries, President Ronald Reagan has announced a broad federal program to help American businesses translate the scientific promise of superconductivity into marketable technologies.

Mr. Reagan described it as an "11-point Superconductivity Initiative," the points ranging from a new advisory panel of "wise men" to proposed legislation that would strengthen patent protection and relax antitrust rules. The plan includes establishing, at government laboratories, four special centers for research into superconducting materials — substances that carry electric current without the slightest loss to resistance. Further, the military plans to spend \$150 million in the next three years to study potential applications in ships and weaponry.

"Science tells us that the breakthrough in superconductivity has come to us through the threshold of a new age," Mr. Reagan said Tuesday at a federal conference on the com-

mercial applications of superconductivity. "It is our task at this conference to herald in that new age with a rush."

Flanked by the secretaries of state, defense and energy — and paying tribute to Secretary of Commerce Malcolm Baldrige, a scheduled speaker before his death in a rodeo accident Satur-

day — the president outlined what amounted to an extraordinary government commitment to a breakthrough in pure science.

The president's program comes eight months after the first announcement that physicists had discovered a new class of superconducting materials.

Past superconductors, already

used to make powerful magnets in medical imaging machines and particle accelerators, only worked in extreme cold and required so much refrigeration that they were relegated to the realm of esoterica.

The new materials become superconducting with much less cooling, opening the door to small, fast computers, frictionless levitating trains, extremely efficient electrical transmission lines and perhaps many other everyday applications.

"The effects of all these discoveries will change the world in ways that we will have to stretch our imaginations to conceive," said the White House science adviser, Dr. William R. Graham.

A driving motivation for the initiative, administration officials said, is the fear of well-coordinated foreign competition on a new high-technology battleground. Japan and the Soviet Union have set in motion national programs on superconductivity.

The legislative part of the president's program ties three proposals together in one bill under the rubric of superconductivity. Antitrust laws would be relaxed to make joint ventures easier for manufacturers; patent laws would be strengthened to allow companies to seek damages when imported products infringe patents; and — the proposal likely to be most controversial — the Freedom of Information Act would be modified to allow government laboratories to withhold commercially valuable scientific information.

The administration is also ordering the Patent and Trademark Office to speed up the processing of applications involving superconductivity. Other agencies are being asked to switch financing toward superconductivity research wherever possible.

Speechwriters Find a Friend in Word 'Initiative'

By Philip M. Boffey

New York Times Service

WASHINGTON — It is not clear on whose initiative the word "initiative" was decreed as the official way to describe any program that is still more goal than fact. But clearly the government bureaucracy has decided that the word has a certain ring to it — a ring of nationalism, of aspiration, of boldness.

The latest evidence of the government's affection for the word is President Ronald Reagan's announcement of a Superconductivity Initiative.

A quick scan of government directives and newspaper files discloses many others.

A Strategic Computing Initiative in the

Defense Department is designed to keep the United States ahead of Japan. The initials of this initiative will doubtless be confused with the superconductivity initiative.

SDI, of course, stands for the Strategic Defense Initiative, which is designed to intercept a missile attack and render nuclear weapons impotent.

Unfortunately, the SDI cannot intercept bombers or cruise missiles. So the Pentagon promptly followed up with an Air Defense Initiative to handle those threats.

Not to be outdone, Senator Sam Nunn, a leading defense expert, insisted on a Conventional Defense Initiative, which he said was designed to render Soviet tanks impotent.

Besides all that there's a special assistant

for "park initiatives" in the National Park Service, an office of quality control initiatives in the Labor Department and a Defense Spares Initiatives Office in the Defense Logistics Agency.

Mr. Reagan and his speechwriters have been especially fond of the phrase, launching a Caribbean Basin Initiative early in the administration, and then carrying on with such programs as an International Youth Exchange Initiative and a U.S.-Soviet Exchange Initiative.

As often as not, according to one former diplomatic official, "initiative is the word you use when you run out of solutions," which explains why there have been repeated Middle East initiatives but no lasting peace in the Middle East.

U.S. Indicts a Pakistani In Nuclear Material Case

Washington Post Service

WASHINGTON — A U.S. grand jury has indicted a retired Pakistani brigadier general as leader of a conspiracy to obtain nuclear-related material illegally in the United States, and State Department officials said a request for extradition is under consideration.

The indictment Tuesday of Imam ul-Haq, a retired general for whom the Pakistani government has issued an arrest warrant, was a surprise action by the Philadelphia grand jury investigating the case.

The grand jury also indicted Asad Z. Pervez, 43, a Canadian citizen of Pakistani origin who was arrested in Philadelphia on July 10 and who has been held without bond since. Mr. Pervez was charged with eight counts of conspiracy, bribery, false statements and other charges that could result in a maximum sentence of 35 years and \$1.7 million in fines.

The alleged nuclear-proliferation plot has brought on a crisis in U.S.-Pakistani relations because it threatens to bring about the application of a 1985 law that provides for a cutoff of U.S. economic and military aid to countries without nuclear weapons, such as Pakistan, that illegally seek to obtain nuclear-related material in the United States.

Pakistan, responding to the

strong reaction to the case by the Reagan administration and Congress, announced last week that it has launched an intensive investigation and issued a warrant for Mr. Imam's arrest. Pakistani officials later said Mr. Imam has "disappeared."

State Department and law enforcement officials said a request for extradition of Mr. Imam to the United States is being considered. The U.S.-Pakistani extradition arrangements are reported to arise from a 30-year-old U.S. extradition treaty with Britain covering British colonies.

Nigerian Gets 230 Years On Corruption Charges

United Press International

LAGOS — Oladele Omiyale, a former assistant chief accountant, has been sentenced to 230 years in jail on corruption charges spanning 11 years. He reportedly amassed more than 20 million naira (about \$7 million) as kickbacks from various contracts.

Mr. Omiyale, 57, formerly employed by the National Youth Service Corps office in Lagos, received 15-year terms each on 15 of the 16 counts against him and a five-year jail sentence for the 16th count.

But even a Nigerian who speaks no English, and who may have few skills, has little problem slipping into an economy in which Spanish is the language of nearly a million residents and is heard in board rooms as well as at the job sites.

Few Nigerians who arrived in the United States have returned to join the rebel forces fighting the Sandinistas from Honduras bases. But many do wear a uniform — that of security guards who patrol empty office buildings at night near the gates of luxury apartment houses. They prefer night work because they can use the daytime hours to study lessons that will qualify them for professional jobs.

Mr. Omiyale, who has several business ventures in Miami, served in the early years of the Sandinista government as a member of the national planning council before flying off to Miami with a cache of clothes and a 90-day visa.

"Miami is a paradise for us," Mr. Omiyale said recently, seated at a table inside a storefront Hispanic restaurant, of which he is partner. "You can come here with an suitcase, sleep on the floor and reach for the sky the next day."

He said that although the sympathies of the Nicaraguan exiles were with the contras, he knew of no friends who had given any thought of returning to Central America to help in the struggle. "My abilities," said the 47-year-old architect, "are not on the battlefield."

Mr. Lopez-Maltez, the editor, said a surprising aspect of Nicaraguans in exile was the rapid success of those who were not part of the families that held political and economic power under the dictatorship of Anastasio Somoza, who was overthrown in 1979.

"With few exceptions, those who were considered the leaders in Nicaragua have been total failures trying to operate in free enterprise in Miami," he said.

Inquiry Set for Briton Accused of War Crimes

Agence France-Presse

LONDON — The British government has said it is looking into the circumstances under which British citizenship was granted to Antonios Gecas, a retired engineer living in Edinburgh who has been accused of Nazi war crimes in Lithuania.

But a Home Office spokesman on Tuesday ruled out his extradition to Israel or the Soviet Union, saying that the alleged crimes had not been committed in Israel and that Britain has no jurisdiction with Moscow.

BUBBLY FROM THE DEEP — A salvage operation off Massachusetts yielded these two bottles of 1898 Moët & Chandon champagne, found on the sunken luxury liner RMS Republic. A salvager, Martin Bayerle, showed them to reporters in East Falmouth before submitting them and other items to appraisers from Christie's auction house of London.

Frank Poppo/Reuters/Life

In Miami, Nicaraguans Find Their Place in the Sun

By Jon Nordheimer

New York Times Service

The Sandinists' taking power passed last week without much fanfare in Little Managua. That is the name given to an area west of Miami International Airport where tens of thousands of Nicaraguans have settled in comfortable middle-class housing.

Nicaragua and its future are not disregarded so much as put on hold, said Jorge A. Sacasa, a prominent member of the exile community.

"I changed the cassettes of my mind," he said. "I took the Nicaraguas cassette out and put in the American cassette. Like a computer. We must change the input to succeed."

Although the majority of these exiles oppose the Nicaraguan government, the eighth anniversary of

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Soviet Still Linking Stance on Strategic Weapons to SDI

United Press International

GENEVA — The Soviet Union presented new proposals to the United States on Wednesday on limiting space-based missile defense systems as a condition for any cuts in offensive long-range nuclear weapons.

Alexei A. Obukhov, the deputy leader of the Soviet arms negotiating team, said the proposals would prevent deployment of weapons in space by maintaining the 1972 Anti-Ballistic Missile treaty.

At the same time, the Soviet negotiator said he had initially "found no compromises" in modified U.S. proposals made Tuesday on the global elimination of intermediate nuclear forces, which include shorter- and medium-range missiles.

"I will have to study them more deeply with the American side in search of compromise," Mr. Obukhov said.

American officials said they hoped the U.S. proposals would lead to early completion of a treaty on intermediate nuclear forces that could be signed at a summit meeting, possibly before the end of this year.

Mr. Obukhov confirmed Wednesday that Moscow still linked reduction of strategic long-range nuclear arms to strict limits on anti-missile systems, such as President Ronald Reagan's Strategic Defense Initiative.

"There is an objective tie between the issue of space weapons and strategic weapons," Mr. Obukhov said. "It is simply not possible to de-link them."

"Preventing an arms race in space would open the possibility for reductions in strategic offensive weapons," Mr. Obukhov said at the Soviet delegation building before a special ministerial meeting with U.S. negotiators.

American officials said the Soviet position was basically unchanged since the Geneva talks on strategic long-range nuclear weapons, intermediate missiles and space-defense systems began on March 12, 1985.

Moscow always has insisted that U.S. proposals for a 50 percent cut in strategic nuclear arsenals could be considered only along with agreement on limiting research on

space-based anti-missile systems to the laboratory.

On Tuesday, the United States met several Soviet demands on shorter- and medium-range ground-launched nuclear missiles.

Washington agreed that there be no conversion of scrapped missiles to other types of weapons, for example, moving land-based cruise missiles to ships or converting Pershing-2 medium-range missiles into shorter-range Pershing 1-B rockets.

The United States also modified its earlier proposal that the Soviets dismantle and destroy their intermediate missiles first until American levels are reached.

There also were changes in U.S. verification requirements that Moscow complained had been too far-reaching and complicated.

But the two sides remained at loggerheads over the 72 old Pershing-1A shorter-range missiles deployed by West Germany and for which the United States controls the nuclear warheads.

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Labor Camps for 6 Chernobyl Officials

Six officials of the Chernobyl nuclear power plant were sentenced Wednesday to long terms in labor camps for their roles in the world's worst nuclear accident. Three of the defendants — including the power station's director, Viktor P. Bryukhanov, the deputy engineer, Anatoli S. Dyrakov, and the plant engineer, Nikolai M. Fomin (left to right in photo), received the maximum penalty of 10 years at labor for gross violations of safety rules and criminal negligence. Three others received lesser terms in connection with the April 26, 1986, incident, when a reactor exploded, killing 31 people and forcing the evacuation of 135,000 from around the site, 60 miles northwest of Kiev.

SDI Timing Questioned

Michael R. Gordon of The New York Times reported from Washington

A team of high-level advisers to the Defense Department has raised serious questions about the Pentagon's plan to speed up President Reagan's program to develop a space-based defense against attacking missiles by the mid-1990s.

In a draft report, the advisers also strongly support continued work on the anti-missile program, concluding that much good work has been done.

The draft, prepared last month, asserts that the Pentagon lacks enough information to assess confidently how effective such a system would be, what it would cost or when it could be deployed.

Defense Secretary Caspar W. Weinberger has said that it might be possible to start deploying defense against missile attack earlier than expected because important progress has been made. But the draft report emphasizes that it is premature to assess the feasibility of an initial, partial defense under the SDI plan.

The report takes note of "pieces of missing technology" that it says would be used in the first phase of a space-based defense.

The Associated Press

PARIS — A project to overhaul the Louvre Museum suffered a setback Wednesday, when a prominent member of the government refused to move out of his quarters there, delaying the renovations until the end of the century.

Finance Minister Edouard Balladur and 1,200 of his civil servants will remain in the museum's northern wing until "appropriate space can be found for them in the center of Paris," a government statement said.

The decision means that the multibillion-dollar project designed by the Chinese-American architect, I.M. Pei, will not be completed until the end of the century. But it does not affect the erection of a tall glass pyramid marking the museum's main entrance. The pyramid is to be inaugurated next spring.

Mr. Balladur thereby preserved what the French call the "sacred triangle": the link between Elysee Palace, home to French presidents since 1873, the Hotel Matignon, the prime minister's headquarters since 1958, and the Louvre, which has housed the Finance Ministry since 1871.

The statement ended a 16-month dispute between Mr. Balladur, the most powerful member of the cabinet after Prime Minister Jacques Chirac, and Culture Minister Francois Léotard, who wanted Mr. Balladur to relocate next year to a modern complex at Bercy on the eastern side of Paris.

Mr. Balladur made no secret of his wish to remain in the heart of the capital, close to the National Assembly and the financial market.

Wednesday's statement, issued jointly by Mr. Balladur and Mr. Léotard after the weekly cabinet meeting, said: "The second phase of the Louvre project will be completed over 10 years. The Ministry of Economy, Finance and Privatization, the minister responsible for the budget and 1,200 civil servants will remain in the Louvre palace waiting for appropriate space in the center of Paris."

However, in a nod to Mr. Léotard, the statement said another 1,200 civil servants from the ministry would move to the Bercy complex starting at the end of next year.

Ex-Kazakh Leader Loses Party Post

Agence France-Presse

MOSCOW — The former leader of the Kazakh Soviet Socialist Republic was removed from the Central Committee of the Communist Party during its plenary session this week in the Kazakh capital of Alma-Ata, Pravda reported Tuesday.

The move on Monday was a further disgrace for Dinmukhammed A. Kumayev, who was dismissed in December as first secretary of the Kazakh Communist Party after being charged with "serious derelictions" in his management of the republic he had led for 17 years.

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Hostages
Leave Say

Improving Forecasting by The Numbers

By Barry James
International Herald Tribune

LEWIS FRY RICHARDSON, a British physicist who died in 1953, had a couple of ideas that were considered outlandish in his time. He thought it was possible to use mathematics both to predict war and to forecast the weather.

Richardson, a Quaker, worked out his weather plan during rest periods from his job as an ambulance driver in World War I. It hardly seemed promising. He took three months to work out a six-hour forecast, and thought it would need 64,000 people calculating simultaneously in a "central forecast factory" to predict the world's weather a few hours ahead.

What Richardson needed, of course, was a computer.

Mathematics probably never will succeed in preventing war, but Richardson's weather equations linked to powerful computers are now helping scientists to forecast the weather with a high degree of accuracy up to 10 days ahead.

In his book "Weather Prediction by Numerical Process," published in 1922, Richardson fantasized about his forecast factory as a huge amphitheater, where thousands of workers equipped with slide rules and calculating machines would "race the weather," while armies of messengers carried used computing forms to a storehouse in the cellar. Forecasts would be sent to a "quiet room" to be encoded and sent around the world by radio.

The closest approximation to Richardson's forecast factory is a glass-walled building near Reading in southern England, the European Center for Medium Range Weather Forecasts — probably the best of its kind in the world.

The center uses the world's fastest commercially available computer, the Cray X-MP/48, to churn out the data on which more than 400 million Europeans — from sweltering Athens to shivering Helsinki — depend for their weather forecasts.

The Cray, the estimated equivalent of 30,000 IBM PCs working simultaneously, easily outperforms Richardson's imaginary 64,000 human calculators. The entire population of the globe, calculating simultaneously, could not keep up for long with the machine's maximum processing speed of up to 800 million operations a second. While the forecast is running each night, there are typically four of the center's 134 staff members on operational duty.

"It is a wonderful example of Europe getting its act together."

Mystery Virus: Is It for Real?

By Philip M. Boffey
New York Times Service

WASHINGTON — Medical experts are struggling with only limited success, to understand a mysterious illness that leaves its victims exhausted for months or years at a time.

The ailment, known as chronic Epstein-Barr virus infection, chronic mononucleosis or chronic fatigue syndrome, has stirred rising concern in public and medical circles over the last two years.

But whether patients have fallen into the grip of a new scourge or have merely succumbed to the latest health hysteria is confounding many medical researchers. And the more experts study patients who have the fatiguing ailment, the less important a culprit the Epstein-Barr virus seems.

The illness has caused one highly publicized but sharply disputed "epidemic" at a resort community at Lake Tahoe, Nevada, from 1984 to 1986. It may have caused an outbreak of 100 cases in the small Nevada town of Yerington from late 1985 to early 1986, according to Dr. Anthony L. Komaroff, director of general medicine at the Brigham and Women's Hospital in Boston.

"Whatever it is, it seems to be growing in frequency," said Dr. Komaroff, whose group has studied more than 500 patients suffering from the syndrome. "Literally every time I say to a friend that I'm studying this illness, and then describe it, they say 'Oh, my God. My niece has it, or my next-door neighbor, or my boss.'"

Although the syndrome has apparently never been fatal, it can unquestionably be devastating to many of those affected. Virtually all suffer persistent fatigue, in some cases so overwhelming that it curtails work, restricts social life or even becomes totally disabling. Most victims also experience low-grade fever, muscle pains, depression, headaches, recurrent sore throats, swollen lymph glands and allergies. And many victims are unable to think clearly or to concentrate. Some have likened their condition to feeling like a Raggedy Ann doll with the stuffing knocked out or to an endless bout of flu with the added mental confusion of Alzheimer's disease.

But whether chronic fatigue itself is reaching epidemic proportions or is simply receiving an episode of attention remains uncertain.

The syndrome may have gained undue notoriety for a number of reasons: scientific speculation, now discounted, that the Epstein-Barr virus might be causing much of the illness; aggressive marketing of Ep-



Improved forecasting is invaluable in alerting people to floods so that losses can be reduced.



Burying the dead in Greek heat wave.

Dr. J. Austin Woods, scientific officer at the center, said in a telephone interview. "When you can draw on the scientific and technical talents of 420 million people, it's not surprising you end up with the best in the world."

The pooling of resources enables the 17 countries to do more than any one country could do alone. At the heart of the system is one of the

most complex computer models ever designed, a simulation of the earth and its atmosphere with the added dimension of time. Every day, more than 80 million bits of computer information gathered from thousands of ships, aircraft, satellites, balloons, buoys and ground stations are fed into the model for verification, analysis and extrapolation into forecasts.

In the early days, computer models contained only one level of atmosphere in one part of the world. The European Center's model can handle 19 levels of atmosphere from 30 meters (94.4 feet) to 30 kilometers (18.6 miles) around the world. Today's seven-day forecasts for the mid-latitude of the northern hemisphere are as accurate as two- to three-day forecasts in 1971. The center's forecasts for the southern hemisphere are typically accurate up to five days ahead and for the tropics up to three days.

The center sends streams of computer encoded data to meteorological offices in the member countries, where it is incorporated with regional data to provide broadcast forecasts, shipping advisories, air navigation guidance and meteorological bulletins for defense purposes.

In addition, a less complete general advisory is made available to almost every meteorological service in the world in exchange for data. With every weather event dependent on conditions somewhere else, forecasting is truly a case of "what's mine today is yours tomorrow," Dr. Woods said. The center exchanges information with about 158 nations as part of the World Meteorological Organization's World Weather Watch Program, a perhaps unparalleled example of international cooperation across ideological boundaries.

Even at the height of the Falklands War, both Britain and Argentina contributed to and benefited from the Weather Watch network. But today, neither Iran nor Iraq are contributing, in what is the most serious gap in the global reporting system.

Satellites provide observational data that was previously difficult or impossible to obtain, but they cannot do the forecaster's job. It has

IN BRIEF

Biological Cooperation in Space

NEW YORK (NYT) When a Soviet biological satellite is launched in mid-September, carrying 10 laboratory rats and two monkeys, American radiation-detection sensors will be on board and American scientists on the ground will study the effects of zero gravity and space radiation on animals.

The flight will be the sixth since 1975 in which the Soviet Union has permitted American scientists to cooperate in medical studies to help predict human reaction to long space flights. Many of the investigations planned by American participants are designed to complement data obtained on a seven-day space shuttle mission in April 1985 that involved experiments with rats and monkeys in weightlessness.

Finding Natural Pest Killers in Dirt

WASHINGTON (WP) — With the help of dirt brought by friends vacationing in the Himalaya, Iceland and Europe, scientists at the U.S. Agriculture Department have found 72 new varieties of an important soil bacterium used to kill pests naturally, without harming the environment.

Farmers spend more than \$40 million each year on bacillus thuringiensis (B.t.), which can be as effective at killing cabbage loopers and worms as some of the best chemicals. The new varieties of B.t. appear to be more powerful than any used in the past.

"Previously, scientists thought that to get the bacterium you had to find a dead insect," said Russell S. Travers of the department's Agricultural Research Service. "We had just assumed it was an insect disease." But the department has found that B.t. is actually a normal component of many soils.

Dinosaur Nest May Be World's Oldest

WASHINGTON (WP) Geologists have identified what appears to be the oldest known dinosaur nest site in the world, near Grand Junction, Colorado. The fossilized fragments, discovered in 1986 but only now identified, date back 145 million years, making them the first discovered from the Jurassic Period.

Staring carefully through the ancient and weathered nest matrix, paleontologists from the University of Colorado and the Dinosaur Valley Museum are recovering thousands of eggshell fragments. Using a scanning electron microscope to examine them, paleontologist Karl Hirsch has detected small worm burrows on many of the shells. Worms eating into the eggs may have killed fetal dinosaurs. Hirsch hopes that fossilized embryos, which can tell scientists more about the dinosauro, will be found.

Flu Slows Drivers' Reaction Time

NEW YORK (NYT) — Influenza impairs a driver's reaction time even more than does a "moderate" dose of alcohol, according to a group of British researchers.

The Medical Research Council of Salisbury, England, reports in the British Journal of Psychology that the reaction times of volunteers suffering from flu fell an average of 57 percent from their reaction times while healthy. Moderate doses of alcohol, the report said, rarely result in reaction-time impairment of more than 10 percent.

The same was not true of victims of common colds, whose reaction times were nearly normal.

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THURSDAY, JULY 30, 1987

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Return of M'Bow?

Amadou Mahat M'Bow offered last fall to make a full, rich contribution to relieve the crisis that had developed at UNESCO during his dozen years as the director general of the world educational and cultural agency. He declared that he would step down. UNESCO has been sadly plagued by bad management and by politicization extreme even by United Nations standards — developments that drove the United States, among others, out of the organization. Some part of this is his personal legacy.

How depressing, then, to hear the latest from the World Press Freedom Committee, the private American group that has coordinated the battle against efforts in UNESCO to put a Soviet-Third World stamp on the international media. Mr. M'Bow, it seems, is still trying to hang on. He reportedly offered to back Uruguay's foreign minister, Enrique Iglesias, one of the most respected candidates for the UNESCO position, for later election if Mr. Iglesias would support his re-election for two more years. The flavor of Mr. M'Bow's style is fairly suggested by his reported comment that Uruguay has a problem with Arabs and Africans due to its diplomatic ties with Israel and South Africa, but that he could deliver

— THE WASHINGTON POST.

Oft-Promised Land

Promising land reform in the Philippines is the easy part; politicians have been doing it for decades. If President Corazon Aquino wants the world truly to take notice, she will have to do more than ask a newly elected Congress to take the hard decisions. She is giving Congress 90 days to put into effect a very general decree on breaking up baronial estates. If nothing happens, she says she will name a panel to do the job — a delaying scheme reminiscent of her wily predecessor, Ferdinand Marcos.

There is something to Mrs. Aquino's argument that so important a measure should be voted by Congress. That is why she did not impose land reforms under direct rule powers that she wielded for 17 months. She insists that her own family's 15,000-acre (6,000-hectare) estate will be redistributed under a program giving owners fair compensation. Payments will be from a \$2.5 billion fund deriving from properties once owned by Mr. Marcos and his cronies.

— THE NEW YORK TIMES.

The People Are Fed Up

Is General Manuel Antonio Noriega losing his grip? The Panamanian强人, unable to intimidate his restive, democracy-seeking countrymen, has put on a new display of muscle. He sent out an armed party, guns blazing, to seize Colonel Roberto Diaz Herrera in his home; this is the maverick officer, his erstwhile number two, whose allegations of crime and corruption against General Noriega precipitated the crisis the country is now passing through. General Noriega also occupied La Prensa and other independent publications. By these acts he evidently means to isolate the population from sources of opposition to him. He is acting like his friend President Daniel Ortega of Nicaragua, who, seeing an opening for a little exercise in anti-U.S. expediency, paid a sympathy call.

For years it was the accepted wisdom that Panama was a place where people preferred stability and political theater to the rewards and rigors of democratic government. The revelations of Colonel Diaz, however, seem to have uncorked a heretofore untrapped well of democratic sentiment. Mass protests have gone on in the streets for weeks. An immensely successful general strike has just been concluded. In-

portant elements in the banking and business communities, often thought of as bulwarks of the old system of military rule with a political facade, appear to be concluding that maintenance of General Noriega is a guarantee of endless turbulence. Currency is said to be flowing out of the country; since Panama's currency is the U.S. dollar, there is no possibility of printing up more.

A military leader with a strong sense of duty would be considering retirement. General Noriega, however, appears to lack a strong sense of duty.

Meanwhile, the Panamanian people are showing a readiness to keep the pressure on. Fortunately, the U.S. government, having long cultivated the military in order to serve a strategic interest in the Panama Canal, is now unequivocally identified with the forces of democracy. So much is this now the case that General Noriega is able to evoke a specter of U.S. "intervention" in order to rally nationalist sentiment for his personal benefit. In fact, what is happening is that Washington is stepping back and exposing him to the anger and impatience of his own people.

— THE WASHINGTON POST.

Other Comment

An Impossible Job in the Gulf

It is desirable both that the war should end and that the shipping lanes should be clear. But if a cease-fire is not accepted without further United Nations pressure, and there is no likelihood that it will be, then the means of keeping open the shipping lanes should offer the least risk of involving the United States in a confrontation with Iran. This last proposal is not, of course, acceptable in Tehran, which is itching to see American prestige suffer a little more damage; but it does not seem to be fully accepted in Washington, either.

Since 1980, British warships have been almost invisibly accompanying merchant ships as far as Bahrain. The United States, preferring more demonstrative methods, has taken on a huge and public commitment to "escort" vessels which by its nature involves a probability of disaster amounting almost to certainty. No navy can guarantee what the U.S. Navy has set out to guarantee: namely that no Kuwaiti ship under its protection shall come to harm.

Mines are clearly a hazard the United States had not reckoned with; but put them to one side. Is it likely that U.S. warships and their charges can escape unscathed during repeated and publicized passages through the Strait of Hormuz and up and down the Gulf for as long as it takes to end the war? Clearly it is very unlikely, and could lead to a brush with Iran of incalculable consequences.

— The Guardian (London).

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Direction de la publication: Walter N. Thayer.

Editor for Asia: Michael Robertson, 5 Canterbury Rd, Singapore 0511. Tel: 472-7768. Telex: 61170. Managing Dir. Asia: Malcolm Glenn, 50 Gloucester Road, Hong Kong. Tel: 5-851-0816. Telex: 61170. Managing Dir. U.K.: Robin MacKinnon, 63 Long Acre, London WC2. Tel: 835-4822. Telex: 226733. Tel: 416721. Pres. U.S.: Michael Cooley, 350 Third Ave., New York, N.Y. 10022. Tel: (212) 751-3890. Telex: 427175. S.A. capital de 1,200,000 F. RCS Nanterre B 33021126. Commission Paritaire No. 6137. © 1987, International Herald Tribune. All rights reserved. ISSN: 0294-8052.

OPINION

Japan Is Heading Toward a Dangerous Depression

By Kenichi Ohmae

OKYO — Many economists say that the United States today is in a situation alarmingly similar to that of 1929. But Japan, far more than America, is close to plunging into a depression that, with double-digit unemployment, could severely strain a society that counts lifetime employment as a virtual right of citizenship.

Real estate prices provide one of the more obvious signs of Japan's rising social pressures. By the time a young couple here is ready to settle down, a home is probably beyond their reach. Real estate prices in Tokyo have risen an average of 300 percent in the last two and a half years. As a result we are creating a new proletariat — people with little hope that they will possess any property in their lifetime.

We are also creating many millionaires. Until recently Japan was 90 percent middle class. It was a happy, growth-oriented nation. Today there is a growing polarization between those who invested in their education and now rent small apartments and those who own and speculate with property.

Thanks to the yen-dollar exchange rate, Japan has the highest per capita GNP in the world (\$18,000), yet living standards for most Japanese have im-

proved little. To enjoy the same standard of living as an American couple, a Japanese couple would have to spend an average of 35 percent more twice as much to maintain cars and 50 percent more on utilities and food.

And the brilliance of Japan's economic progress could fade as quickly as it appeared. Foreigners think that all Japanese industries are competitive, but this is far from true. We are about to face widespread unemployment. Add up all the employees in Japanese industries that are strong worldwide — automobiles, machinery, electronics, steel — and you have only 7 percent of the work force. The rest work in less competitive and sometimes protected industries.

The unemployment rate in manufacturing of about 3 percent will climb by two percentage points as a result of increased imports. We know that the current exchange rate continues. Reduced exports will likely add another 2.5 percentage points to the unemployment rate, raising the overall rate in the manufacturing sector to 7.5 percent. If Japan were to reduce rice and other agricultural trade barriers, un-

employment could reach 13 percent.

One of our biggest problems is that we have too much money. Individuals save more than \$1 billion a day; companies pile up about \$500 million a day. This money once financed plants and facilities, but no longer. Japan's industrial overcapacity has created tensions internationally, and companies are not building plants at home. Excess cash can no longer be absorbed in the Japanese stock market, where the average price-earnings ratio is already 88 (compared with an average of about 17 in New York). Golf course memberships, real estate like sea oats on a stock exchange, cost \$100,000 to \$2 million. How can Japan avert a depression?

— Gary Shilling, *an economic consultant, in the Los Angeles Times.*

Who Says Economic Progress Has to Continue?

By Lester Thurow

This is the second of two articles.

CAMBRIDGE, Massachusetts — Once simultaneous recessions have begun in Japan, West Germany and the United States, and have started to interact, how would one stop them?

In America, none of the classic remedies is available. Monetary policies and interest rates must be used to defend the dollar and restrain import inflation. Taxes must be raised, not cut, and expenditures reduced, not increased, to prevent the crowding out of the private investment upon which the future success of the U.S. economy depends. The next recession is likely to be a lengthy one. The institutional mechanisms and policies needed to make it a short recession either are not in place or do not exist.

The recovery from the 1981-82 recession was the last gasp of the old system. Because the United States was large, because the dollar was the world's reserve currency and America had accumulated a cushion of \$152 billion in net foreign assets at the end of 1982, it could and did play economic "locomotive" for the world in 1983 and 1984.

It could expand and simply tolerate a balance-of-trade deficit for three or four years before its currency started to fall, before it was faced with the situation that smaller, less wealthy countries face almost instantly. But the net foreign assets that provided flexibility have now been expended. No longer the world's largest net creditor nation, as it was in 1982, the U.S. is instead the world's largest net debtor nation, with debts of about \$340 billion in mid-1987.

The standard economists' prescription for the current economic situation does not meet the world's political realities. In the prescribed scenario, the U.S. locomotive would be replaced by a hybrid vehicle made up of the three biggest economies — West Germany, Japan and America. By carefully coordinating their monetary and fiscal policies, these three could do for the world economy what America itself had done for 40 years. Together they are just as large relative to the world's gross national product as the United States used to be. If they agreed on a set of economic policies, the rest of the world would have little choice but to follow along.

To reduce its demands on world capital markets, the United States would have to raise taxes. Americans don't want to raise taxes.

To help pull the world economy, Japan would have to restructure its economy to emphasize domestic consumption rather than exports. The Japanese don't want to restructure their economy.

To do their part, the West Germans would have to take a chance on generating inflation. Given the history of the 1920s, they don't want to take it.

The result: economic summit meetings like the Venice conference when heads of state spend little time talking about economics, agree on nothing, pay lip service to coordination, then go home and do none of the things coordination requires.

Modern human beings like to think that progress is inevitable and that prolonged stagnation or decline is simply impossible. But human history has had many more years of stagnation than of growth.

Once, as an educational joke when I was a student at Oxford, a don set me the task of writing an essay on an "optimal" rate of economic decline that would lead to cessation of economic growth. I argued in the

essay that if the decline were too rapid, it would set in motion economic and political forces that would lead to an economic rebound, much as a basketball rebounds when it hits the floor. To end in complete stagnation, the slowdown had to be very gradual with substantial ups and downs to hide the fact that the downs were bigger than the ups.

Thinking back on it now, my optimal rate looked very much like the slowdown that has occurred in the world economy in the last 17 years.

It is subtle: One slips into stagnation by not noticing that one has slipped into stagnation. In Europe for 17 straight years, the unemployment rate at year's end has been higher than it was at the start of the year. In the United States, the hourly wage rate after correcting for inflation is no higher than it was in 1970. In the Third World, per capita GNP is 10 percent below their peaks of a decade ago.

There is remarkably little protest. Governments that presided over stagnation get re-elected to preside over more stagnation. Americans are adjusting to the fact that they will be unemployed for longer periods of time and that their children will not have a higher standard of living than they do.

To say we are smart or well educated is not to say we are smarter or better educated than those Romans who witnessed the economic vigor of Rome in its last 100 years. For the Roman Empire did not "fall" on any given day or in any given year. It was at the start of the year. In the United States, the hourly wage rate after correcting for inflation is no higher than it was in 1970. In the Third World, per capita GNP is 10 percent below their peaks of a decade ago.

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essay that if the decline were too rapid, it would set in motion economic and political forces that would lead to an economic rebound, much as a basketball rebounds when it hits the floor. To end in complete stagnation, the slowdown had to be very gradual with substantial ups and downs to hide the fact that the downs were bigger than the ups.

Thinking back on it now, my optimal rate looked very much like the slowdown that has occurred in the world economy in the last 17 years.

It is subtle: One slips into stagnation by not noticing that one has slipped into stagnation. In Europe for 17 straight years, the unemployment rate at year's end has been higher than it was at the start of the year. In the United States, the hourly wage rate after correcting for inflation is no higher than it was in 1970. In the Third World, per capita GNP is 10 percent below their peaks of a decade ago.

There is remarkably little protest. Governments that presided over stagnation get re-elected to preside over more stagnation. Americans are adjusting to the fact that they will be unemployed for longer periods of time and that their children will not have a higher standard of living than they do.

To say we are smart or well educated is not to say we are smarter or better educated than those Romans who witnessed the economic vigor of Rome in its last 100 years. For the Roman Empire did not "fall" on any given day or in any given year. It was at the start of the year. In the United States, the hourly wage rate after correcting for inflation is no higher than it was in 1970. In the Third World, per capita GNP is 10 percent below their peaks of a decade ago.

To help pull the world economy, Japan would have to restructure its economy to emphasize domestic consumption rather than exports. The Japanese don't want to restructure their economy.

To do their part, the West Germans would have to take a chance on generating inflation. Given the history of the 1920s, they don't want to take it.

The result: economic summit meetings like the

Venice conference when heads of state spend little time talking about economics, agree on nothing, pay lip service to coordination, then go home and do none of the things coordination requires.

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OPINION

Tips to the Next President For Picking an Entourage

By James Reston

WASHINGTON — The congressional committees investigating the Iran-contra affair are collecting some useful tips for the next president of the United States. Among them are these:

- Good friends usually make bad attorneys general.

- Clip the wings of the National Security Council. Ditto the CIA.

- Beware of former campaign managers, and reorganize your cabinet to serve as your principal source of advice.

- Cut off all air conditioning in Washington during July and August, and give everybody a much-needed rest.

In his testimony before the committee, Ed Meese has done nothing to challenge the rule that good friends make bad attorneys general. All his political life, in Sacramento as well as in Washington, his main loyalty has been to Ronald Reagan rather than to the law. Nothing in his legal training justified his appointment as the principal law officer of the land, and his testimony this week dramatized the point. He was concerned primarily not with the control of Oliver North or John Poindexter but with damage control.

His testimony was not only unpersuasive but times ungrammatical, and he has a convenient memory.

Some presidents have had good friends who also presided over the Department of Justice with distinction. President Eisenhower's Attorney General Herbert Brownell, for example, and President Carter's Griffin Bell.

Mr. Bell, however, remarked this week that President Reagan's mistake was in moving Mr. Meese from the White House, where he was dealing primarily with political questions, into the Justice Department, where he kept thinking

North Pleased Many

MUCH has been made of Oliver North's ability as an actor. But I was stunned at what I kept hearing in certain homes about Colonel North and his wife and their children — how refreshing it was for viewer after viewer to see (so they told me) a two-parent family, "a solid and normal one," as one mother said, commenting not only on the colonel but on his wife — her appearance, choice of clothes, manner of response to her husband. Someone still lives the old-fashioned virtuous life — fights in a war bravely, comes home with medals, is a good husband and father, is religious, takes it on the chin and suffers with dignity while others walk away; has regrets for not being with his family more, is an adventurer, even a bit of a rogue, but all for the beloved nation. Americans yearn for certain moral and social values, as conservatives well know and as many liberals have a hard time understanding.

— Robert Coles in the Los Angeles Times

ing in political rather than in legal terms.

Winning presidents not unnaturally want to reward the men who have run their campaigns, but this has not always been a good idea. Richard Nixon, for example, chose his law partner and campaign manager, John Mitchell, as attorney general, and drowned at Watergate.

Bill Casey ran Ronald Reagan's successful campaign, and wanted to be secretary of state. Mr. Reagan turned him down but said he could have any other job he wanted. Fortunately the late Mr. Casey did not choose Justice but took the CIA. He sometimes operated there as if he had the post he really preferred.

It was George Shultz who suggested the other day that the time had come to cut the NSC down to size. It is too big and too involved in running policy instead of gathering intelligence, he said, and seems to be accountable to nobody.

Maybe the main observation to come out of these hearings is that presidents stumble into trouble by making thoughtless appointments and then by relying on those appointees for critical policy advice, and by giving them authority they have no right to exercise.

Admiral Poindexter, Bud McFarlane, Mr. Cases and Mr. Meese are cases in point. They did not mean to preside over this crisis; most of the time they did not mean anything except to help the president by denying him and Congress the facts needed for accountable decisions.

Is there a better way? During the critical transition period when Mr. Reagan was picking a cabinet and deciding how to organize his administration, Caspar Weinberger made a suggestion. It was based on the model of Winston Churchill's small war cabinet.

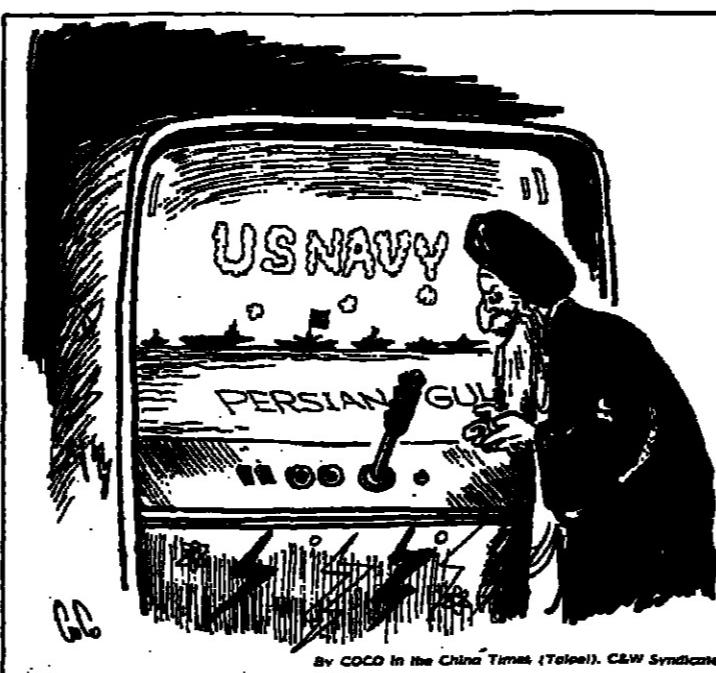
Mr. Weinberger thought the president should establish offices for the secretary of state, secretary of defense and attorney general in the Executive Office Building across the street from the Oval Office, and meet them, along with the White House chief of staff, every morning to consider the major problems for decision.

Mr. Shultz made a similar proposal years ago when he was treasury secretary. The idea was rejected, partly because it might irritate other cabinet members and the heads of the NSC and the CIA.

In the end, of course, it all comes down to the use of the president's appointive power. Nobody worries, for example, about Judge William Webster, now directing the CIA, or Howard Baker, the White House chief of staff, or Frank Carlucci at the NSC. But Mr. Meese at Justice is still a problem.

When President Gerald Ford interviewed H. E. Levy of the University of Chicago for the post of attorney general, he asked him what the Department of Justice needed most. "It needs a soul," Mr. Levy replied. He got the job and ran the department very well. . . .

The New York Times

By COCO in the *Chicago Tribune* (Tribune). C.W. Syndicate.

Tanzania: News and Views

What has happened to the crucial teaching of C.P. Scott of the Manchester Guardian that newspapers should not mix factual reporting with comment in the same news story? In your issue of July 20 you publish an agency report stating: "Former President Julius K. Nyerere of Tanzania, whose Socialist policies plunged his nation into bankruptcy, has confirmed he will retire as chairman of the ruling party."

This is a glaring example of mixing news with comment. It is debatable whether Mr. Nyerere's "Socialist policies" did indeed plunge Tanzania into bankruptcy. The country's situation was no worse than that of many other African countries that did not practice socialism. Distinguished academic economists have identified seven reasons for Tanzania's economic setback since 1973, of which five involve external factors (for instance, the impact of the fourfold increase in the price of oil and the collapse in the world prices of commodities) and climatic conditions; only two have to do with wrong government policies. Some of us would argue that, mistaken as some of the policies were, the rural transformation in Tanzania has in fact laid the foundation for the

country's rapid economic recovery, depending mainly on good rainfalls and the correction of some past errors.

It can further be argued that in the first 12 years since independence in 1966 Mr. Nyerere's "Socialist policies" brought considerable economic and social advancement, with growth in the agricultural and domestic product greater than Kenya's under its non-Socialist policies.

However, the purpose of this letter is not to argue the case in favor of Tanzania's "Socialist experiment" but to express disappointment that a newspaper of distinction such as the International Herald Tribune should have offended against Scott's cardinal rule.

COLIN LEGUM,
Editor, Africa Contemporary Record,
Richmond, England.

Call Pakistan's Bluff

We continue to read about Pakistan and its search for nuclear materials and knowledge. Pakistanis are caught red-handed trying to buy restricted materials. Their government scoffs at the idea of the United States cutting off aid, because Pakistan feels it holds a trump card as a supply conduit to Afghanistan. The time has come to call Islamabad's bluff. It is in

chance. Yet President Gemayel faces many formidable obstacles, the least of which is the intransigence of Israel's cronies and their partisan designs.

I know that it was pretentious to think that the plight of the Lebanese should be the chief Middle East priority of the United States. In any case, the record of the last three years has proved that this was not the case. But to write off Lebanon as a non-viable state can only strengthen Israel's hands in Lebanon.

FADI K. AGHA,
Washington.

JOHN M. SNYDER,
Chief Lobbyist, Citizens Committee
for the Right to Bear Arms,
Washington.

Jobless Offspring Are Bad for Morale

By Ellen Goodman

BOSTON — At first it seemed like an aberration. The political focus group that wouldn't focus.

Stan Greenberg, a political pollster, would gather a mixed group of strangers together in Michigan or Delaware or Iowa. His role was to foster an in-depth conversation about the country, the candidates and the campaign of 1988.

A typical evening might begin with our man introducing himself as a 48-year-old autoworker with two children, 23 and 26, still living at home. The 42-year-old secretary next to him would then talk about her son who had to leave the state to find work. The autoworker, only half in jest, would turn to the secretary and offer, "I'll give you mine."

Before the "real" discussion could even begin, the entire group was off and running on an animated, often humorous and deeply felt dialogue about children: the adult children who never left home, the ones who were having trouble getting a foothold into adulthood, an economic

figure since nowhere near that number of people actually were suffering from the full-nest syndrome.

It turns out that this issue runs deeper than expected. It doesn't just exist in middle-aged swap fests of anecdotes about the younger generation — "My teen-age has a ring through his nose" — "Oh yeah, mine has green spiky hair." Mr. Greenberg says, "Kids have become the idiom for a broad range of economic concerns." They are the way Americans express their worries about an economy, even a world, that doesn't promise anymore that things will get better for them or for the next generation.

The oldest of the baby-boom generation, parents who were independent at a young age, are particularly conscious, even self-conscious, about the difficulties their young are having taking hold.

"To parents, a 30-year-old at home may be seen as pretty visible evidence of failure," muses Mr. Greenberg. "Maybe they haven't succeeded in their parenting role, helping these kids get out and on their own. Maybe they're unable to pass on what they've achieved."

But parents also talk with sadness about children who were forced to leave hometowns and home states to find work. "It is very perverse," he says. "We have people concerned about kids when they go off to get decent jobs and people concerned when they don't go."

These anxieties about the young even cloud the horizons of the elders who are doing well. The Analysis Group polled one state with only 2.5 percent unemployment and found that the majority nevertheless believed that "the country is on the wrong track." This sentiment correlated highly with concern about their children's futures. In Michigan, even voters optimistic about themselves believed that "something is wrong with an economic content . . . that cannot be passed on to one's children."

What is coming home in all this information? More than the "children." Every American knows some young person facing the high price of a starter home and the low wage of a starting job. And everyone knows parents who give children what they can: a room. But most politicians have regarded the young as a small demographic sample, whose problems yield little political clout.

What these anecdotes, these tales from the runaway focus groups, suggest is how powerful generational links are, how deeply the anxiety about the future affects attitudes about the present. These connections are ultimately, and politically, as real as the halfway that leads to a 27-year-old "child's" room.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Pakistan's best interest, after all, that the Soviet Union should not control Afghanistan. The last thing the world needs is another country with nuclear weapons.

RICHARD BURNES,
Göttingen, West Germany.

Putting It Mildly

To say that Egypt "bears its share of blame" for four wars with Israel, as Barbara Slavin writes (*Special Report on Egypt*, June 27), is like saying that Japan bears its share of blame for Pearl Harbor.

ZALMAN SHOVAL,
Tel Aviv.

A Saint for Gunnmen

Regarding the report "U.S. Gun Lobby Wants Its Own Patron Saint" (July 22):

While I appreciate your noting my request to the Vatican that Gabriel Possenti be designated Patron of Handgunners, I would like to correct two inaccuracies. Gabriel Possenti already is a saint; he was canonized in 1920 by Pope Benedict XV. My request is that he now be designated Patron of Handgunners. And you refer to him as a "priest." He died while still in theological studies, was not ordained and thus was never a priest.

JOHN M. SNYDER,
Chief Lobbyist, Citizens Committee
for the Right to Bear Arms,
Washington.

Not Quite Commandant

Regarding "Working Mothers in the Fighting Line" (Meanwhile, July 21):

Smedley Butler was never commandant of the marine corps. When that office became vacant in 1931, he was the senior major general in the corps. But Smedley was never one to think quietly; he often shot his mouth off about matters outside his jurisdiction. He thus made

JOHN M. SNYDER,
Chief Lobbyist, Citizens Committee
for the Right to Bear Arms,
Washington.

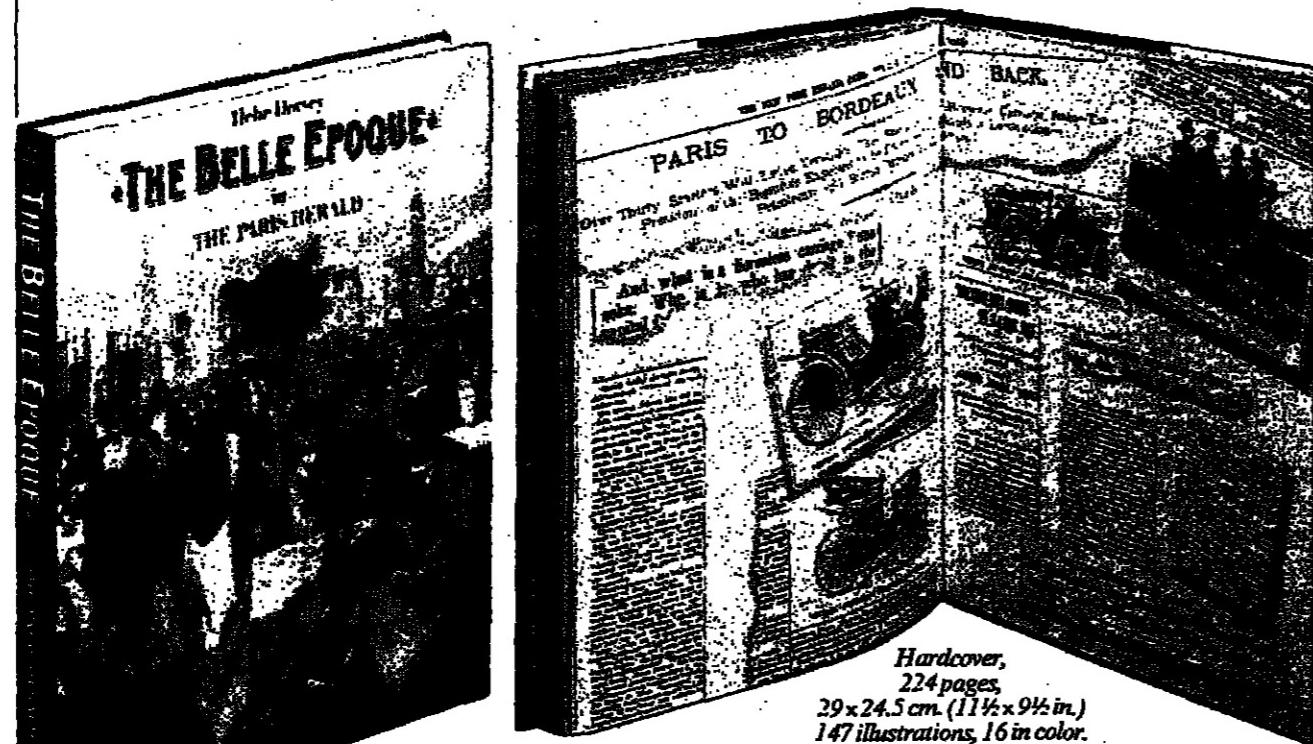
WAYNE METSKER,
Seattle.

The News Isn't All Bad

Thank you for being such a meaningful source of information during our month-long stay in Europe this summer. Your excellent coverage of world news has increased my hopes for reason in managing global affairs. When more people can travel in open societies and, in effect, be world citizens, and when international institutions such as the United Nations are functioning — these are the makings of a peaceful, abundant life for all. Your newspaper is an important key.

— WAYNE METSKER,
Seattle.

On-the-spot reports of an era of great inventions and remarkable people



IHT journalist Hebe Dorsey, fascinated by the Belle Epoque, has compiled a book that is a veritable open window on that extravagant period. Using the most authentic of sources — the archives of the Paris Herald (former nickname of the International Herald Tribune) — she has sifted through literally thousands of pages of newsprint to bring readers an immense variety of information as well as reproductions of major news stories of the

time, articles, gossip columns, sports pages, turn-of-the-century fashion news (for men and women) . . . even old-time comic strips and cartoons.

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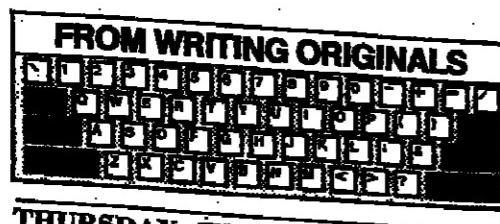
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Germany* D.M.	580	320	175	D.M. 1.11 D.M. 404
Gr. Britain £	130	72	40	£ 0.19 £ 69
Greece Dr.	22,000	12,000	6,600	Dr. 49.56 Dr. 18,840
Ireland £.Irl.	150	82	45	£.Irl. 0.29 £.Irl. 106
Italy Lire	380,000	210,000	115,000	Lire 756 Lire 275,200
Luxembourg L.Fr.	11,500	6,300	3,400	L.Fr. 18.41 L.Fr. 6,700
Netherlands FL	650	360	198	FL 1.21 FL 440
Norway* N.Kr.	1,800			



THURSDAY, JULY 30, 1987

INTERNATIONAL STOCK MARKETS

Tax Raids and Dud Issues Erase Bombay's Confidence

By SANJOY HAZARIKA

BOMBAY — Two years ago, India's premier stock exchange was swept by an unprecedented buying boom. Hundreds of thousands of new investors flooded the market as public enthusiasm grew for the pro-business policies of the new prime minister, Rajiv Gandhi.

These days, the Bombay stock exchange is in the midst of a severe crisis. Financial experts attribute the slump to political uncertainty, poor corporate performances, tax raids on brokers, a decline in investor confidence and heavy speculative selling.

India's one-time bull market is caught in a "great bear hug," a leading business magazine declared.

The BSE Index of 30 leading stocks has dropped nearly 40 percent from 650 in June 1985. The £75 million (currently \$120 million) India Fund launched in London last August has slumped almost as much.

One of the most crucial factors in the dramatic slump through the spring and summer was a sharp decline in investor confidence. Analysts said that the slump was triggered by investigations of wealthy business executives who were believed by government authorities to be evading tax and foreign exchange laws, as well as the floundering of scores of small and medium-size companies that floated equity issues one or two years ago promising quick returns.

"The new-issue market is in very bad shape," M.R. Mayya, the executive director of the Bombay stock exchange, said in an interview. He said that while issues of new companies had been undersubscribed 10 times "on an average" in 1985, the exchange's boom year, these days most new issues are undersubscribed.

The Indian government, deeply worried about the decline of the capital market, intervened last month and banned all forward trading. The intervention came after Mr. Gandhi's party was routed by an opposition coalition in elections in the northern state of Haryana and the market's leading index dropped to 443 points, its two-year low. Protests from brokers led to an amendment: The ban was maintained on short sales but lifted for speculative purchases.

INDIAN officials now say they are planning to set up a national securities board patterned after the Securities and Exchange Commission in the United States. It would have the dual tasks of protecting the investors' interests and enforcing rules in India's six principal stock exchanges.

Last month, the presidents of the six exchanges met in Bombay and submitted proposals to the government "to safeguard the interests of the investors." The suggestions included tax concessions to investors and companies and limits on short-term price fluctuations.

A key factor behind the recent bearishness, financial experts say, was the failure of Mr. Gandhi's annual budget, presented to parliament in February, to include tax cuts. Another is India's tense confrontations with China and Pakistan.

"There is such a crisis of confidence among the investing public that it will take quite some time for the situation to return to normal," said Rama Pandit, the secretary-general of the Indian Merchants Chamber, a leading business organization in western India. He said that near-necessary conditions — a lot of much prediction and too few buyers — existed in several industries, including cement, building, automotive and engineering.

Mr. Pandit and others noted that many middle-class investors who played the market for the first time in the euphoric mid-1980s and invested in new ventures had lost money. At that time, the government allowed companies with a minimum paid-up capital of 10 million rupees (about \$770,000 at current exchange rates) to enter the market.

"A lot of companies made unscrupulous use of the situation to

See BOMBAY, Page 15

Currency Rates

Cross-Rates							
U.S. \$1.00	1.0000	0.8440	0.7475	1.1200	0.6400	0.5700	1.2010
Brussels (a)	38.44	41.5204	36.25	42.22	38.80	16.304	38.44
Frankfurt	1.8552	2.504	1.8552	2.0151	1.8552	4.025	1.8552
London (b)	1.6005	—	2.9742	1.6005	2.9742	6.1582	2.4105
Milan	1.3420	2.1204	72.09	27.67	1.3420	1.0205	1.3420
New York (c)	1.3725	1.3725	1.3725	1.3725	1.3725	1.3725	1.3725
Tokyo	159.20	159.20	1.3725	1.3725	1.3725	1.3725	1.3725
Zurich	1.5793	2.644	22.97	0.3144	2.644	21.55	2.644
1 ECU	1.1184	0.8988	2.0704	0.6867	0.8988	2.3091	0.6867
1 SDR	1.2465	0.7914	2.2495	0.7872	0.7914	2.4408	0.7872
Closeings in London one Zurich, 1 Brussel, 1 in other European centers, New York rates of 1 P.M. (a) Commercial franc (b) Sterling rate needed to buy one British pound (c) American dollars to one dollar (1) Units of 100 U.S. dollars (2) Units of 10,000 U.S. dollars (3) not quoted N.A. not available (4) To buy one pound: 0.53520							

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Other Dollar Values

Currency per U.S. \$	Currency per U.S. \$	Currency per U.S. \$	Currency per U.S. \$	Currency per U.S. \$	Currency per U.S. \$	Currency per U.S. \$	Currency per U.S. \$
Argentine peso 1,9555	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Australian dollar 1.207	0.8440	1.0000	0.7475	1.1200	0.6400	0.5700	1.2010
Bol. So. Fr. 1.0405	0.3725	0.2500	0.3725	0.2500	0.3725	0.2500	0.3725
Brazil cruzeiro 65.4952	0.0164	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Canadian \$ 1.2227	0.8440	1.0000	0.7475	1.1200	0.6400	0.5700	1.2010
Chinese yuan 7.007	0.2444	0.1700	0.2444	0.1700	0.2444	0.1700	0.2444
Egyptian pound 2.1977	0.4685	0.3725	0.4685	0.3725	0.4685	0.3725	0.4685
Sw. Kroner 1.1184	0.8988	2.0704	0.6867	0.8988	0.8988	2.3091	0.6867
1 ECU	1.1184	0.8988	2.0704	0.6867	0.8988	2.3091	0.6867
1 SDR	1.2465	0.7914	2.2495	0.7872	0.7914	2.4408	0.7872

Sources: Interbank Bank (Brussels); Banque Commerciale Helvite (Geneva); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAIH (Basel, Geneva, London); Gostbank (Moscow). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits							
United States	1 month	2 months	3 months	6 months	1 year	2 years	July 29
Discount rate	5.00-5.25	4.45%	3.95-4.15	3.50-3.75	3.10-3.35	2.75-3.00	3.00-3.25
Prime rate	5.50	5.75	6.00	6.25	6.50	6.75	7.00
Commercial paper	5.00-5.25	4.45%	3.95-4.15	3.50-3.75	3.10-3.35	2.75-3.00	3.00-3.25
3-month Treasury bills	5.00	5.25	5.50	5.75	6.00	6.25	6.50
6-month Treasury bills	5.00	5.25	5.50	5.75	6.00	6.25	6.50
3-month CDs	5.00	5.25	5.50	5.75	6.00	6.25	6.50
Japan	Discount rate	2.50	2.50	3.00	3.00	3.00	3.00
Commercial paper	3.00-3.25	3.00-3.25	3.25-3.50	3.50-3.75	3.75-4.00	4.00-4.25	4.25-4.50
3-month interbank	3.00	3.25	3.50	3.75	4.00	4.25	4.50
6-month interbank	3.00	3.25	3.50	3.75	4.00	4.25	4.50
West Germany	Discount rate	3	3	3	3	3	3
Lombard rate	5	5	5	5	5	5	5
Overnight rate	4.75	5.00	5.25	5.50	5.75	6.00	6.25
1-month interbank	4.75	5.00	5.25	5.50	5.75	6.00	6.25
3-month interbank	4.75	5.00	5.25	5.50	5.75	6.00	6.25
6-month interbank	4.75	5.00	5.25	5.50	5.75	6.00	6.25
Spain	Discount rate	7	7	7	7	7	7
Commercial paper	7.75	8.00	8.25	8.50	8.75	9.00	9.25
3-month interbank	7.75	8.00	8.25	8.50	8.75	9.00	9.25
France	Discount rate	7.75	7.75	7.75	7.75	7.75	7.75
Commercial paper	7.75	7.75	7.75	7.75	7.75	7.75	7.75
3-month interbank	7.75	7.75	7.75	7.75	7.75	7.75	7.75
4-month interbank	7.75	7.75	7.75	7.75	7.75	7.75	7.75
United Kingdom	Discount rate	7.75	7.75	7.75	7.75	7.75	7.75
Commercial paper	7.75	7.75	7.75	7.75	7.75	7.75	7.75
3-month interbank	7.75	7.75	7.75	7.75	7.75	7.75	7.75
4-month interbank	7.75	7.75	7.75	7.75	7.75	7.75	7.75

Sources: Morgan Guaranty (dollar), D.M., S.F., Pound, F.F., Lyttle Bank (ECU); Reuters

Interest rates applicable to interbank deposits of \$1 million minimum for equivalent.

Key Money Rates July 29

Country	1 month	2 months	3 months	6 months	1 year	2 years	July 29
United States	5.00-5.25	4.45%	3.95-4.15	3.50-3.75	3.10-3.35	2.75-3.00	3.00-3.25
Discount rate	5.00-5.25	4.45%	3.95-4.15	3.50-3.75	3.10-3.35	2.75-3.00	3.00-3.25
Prime rate	5.50	5.75	6.00	6.25	6.50	6.75	7.00
Commercial paper	5.00-5.25	4.45%	3.95-4.15	3			

Deutsche Bank Profit Falls Sharply

By Ferdinand Protzman
International Herald Tribune

FRANKFURT — Deutsche Bank AG, West Germany's largest commercial bank, reported a steep drop Wednesday in partial operating earnings for the first half of 1987, reflecting what analysts said was a trend toward sharply lower annual earnings in the nation's banking sector.

Deutsche Bank said that parent bank partial operating profit was halved in the first six months of this year, falling to 666.1 million Deutsche marks (about \$359 million) from 1.39 billion DM, a half-year

figure for 1986 based on a sum of monthly average earnings.

It blamed the drop on marked declines in interest and commission earnings.

Partial operating earnings of West German banks consist of interest and commission earnings minus operating expenditures. The banks traditionally compare interest in earnings with an average calculated from the previous year's total.

The first-half earnings comparison was distorted by large extraordinary earnings in 1986 from the sale and share issue of Feldmühle

Nobel AG, the industrial core companies of the former Flick group, the bank said.

Total operating profit, which include Deutsche Bank's trading on its own account, was 28 percent lower in the first half compared with the average calculated for half of 1986. The bank did not provide a specific figure and said the comparison did not include Flick earnings.

The bank said its earnings from trading on its own account in foreign exchange and precious metals were nearly unchanged.

Deutsche Bank's total assets rose less than 1 percent in the first half, to 161.37 billion DM from 159.9 billion DM.

The decline was expected by banking analysts, who are generally predicting much lower earnings for 1987 compared to the record results posted the previous year by West Germany's "Big Three" — Deutsche Bank, Dresdner Bank and Commerzbank AG.

"The banking business is weaker this year for several reasons," said an equities analyst at Industriekreditbank AG in Düsseldorf. "The bond market is dead, the stock market is much weaker than it was last year, and operating costs are up slightly. Also, there is very little demand for short-term credit."

Those factors, combined with relative calm on the foreign exchange market in the first half, have cut deeply into banks' commission and own-account trading.

But analysts say Linderbank is likely to be well received. The bank's operating profit rose 12.1 percent in the first half of 1987 from a year earlier. Mr. Wagner said, although he did not give specific figures,

Austria to Sell a 9% Stake In Länderbank This Autumn

International Herald Tribune

FRANKFURT — Österreichische Länderbank AG said Wednesday that the Austrian government will sell a 9 percent stake in the bank this autumn in a move meant to pique foreign interest in Vienna's privatization plans.

Gerhard Wagner, general director of Länderbank, Austria's second-biggest bank, made the announcement Wednesday at a press conference for the bank's mid-term earnings. The sale would reduce the government stake to 51 percent.

A spokesman at the Finance Ministry confirmed that the sale would take place this year. He said that plans are moving ahead as well to list and sell 9 percent of Creditanstalt Bankverein AG, the nation's largest bank, on foreign stock exchanges.

Vienna market sources said that at current prices, a 9 percent stake in Länderbank would be worth close to 1 billion shillings (\$76.7 million), while a similar stake in Creditanstalt would be worth slightly more.

Mr. Wagner said that the shares would be listed on stock exchanges in Vienna, Frankfurt, Düsseldorf and Munich.

The timing of Mr. Wagner's remarks, made at Länderbank's press conference on first-half earnings, surprised Vienna's banking community.

But analysts say Länderbank is likely to be well received. The bank's operating profit rose 12.1 percent in the first half of 1987 from a year earlier. Mr. Wagner said, although he did not give specific figures,

count from Tuesday's closing price of 756 pence on the London Stock Exchange, on the basis of one new share for every 4.38 now held.

Thorn said Wednesday that the combined group would be one of the world's largest buyers of consumer electronic products, increasing economies for both companies.

Kansas-based Rent-A-Center owns 270 shops and 168 franchises in 38 states. It rents televisions, electrical appliances and furniture.

As news of the agreement reached the market, Thorn shares dropped to 721 pence after a close of 756 pence Tuesday.

In the fiscal year ended in March, Thorn reported pretax profits of \$159.5 million, 52 percent higher than the year before.

Revenue fell last year to \$3.1 billion from \$3.3 billion the previous year.

Rent-A-Center's pretax profit rose to \$18.3 million last year.

Mr. Spinosa said that volume sales growth in 1987 would outstrip 1986's 6 percent rise. It now expects the annual increase to remain at 6 percent.

"Economic growth in Europe and exchange rate movements of the dollar were somewhat less favorable in the first half than had been expected at the start of the year," a Philips statement said.

Operating profit rose by 12.2 million guilders in the first half, despite the adverse foreign exchange movements.

Operating profit, rose markedly in the United States, Canada, Latin America and Asia but fell by an undisclosed amount in Europe, the company said, due to a worsening of Philips' competitive position caused by currency changes.

Restructuring efforts over the past few years had helped limit the decline in Europe, it added.

Mr. Spinosa said that the largest U.S. drug company explained the decision Tuesday by Amgen to invest \$1 billion to repurchase an undisclosed amount of its common stock and will increase its quarterly dividend to 80 cents from 55 cents.

Some analysts consider Pan Am the least likely of the major U.S. airlines to survive as a separate carrier. Its cost for available seats per mile, an industry measurement, rose slightly to 6.89 cents in the second quarter from 6.68 cents in the 1986 quarter.

Most other major carriers have reduced their costs through lower wages and improved efficiency.

Insurer Intends To Sell Kluwer Stake To Wolters

By Ronald van de Krof
Special to the Herald Tribune

AMSTERDAM — The biggest Dutch insurer, Nationale Nederlanden NV, said Wednesday it would almost certainly sell its stake of more than 5 percent in the Kluwer NV publishing group to Wolters Samsom Group NV rather than Elsevier NV, the hostile bidder.

The bank said its earnings from trading on its own account in foreign exchange and precious metals were nearly unchanged.

Deutsche Bank's total assets rose less than 1 percent in the first half, to 161.37 billion DM from 159.9 billion DM.

The decline was expected by banking analysts, who are generally predicting much lower earnings for 1987 compared to the record results posted the previous year by West Germany's "Big Three" — Deutsche Bank, Dresdner Bank and Commerzbank AG.

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Philips Earnings Rose 3.4% In 2d Quarter but Sales Fell

By Ronald van de Krof
Special to the Herald Tribune

AMSTERDAM — Philips NV, Europe's largest electronics group, said Wednesday that profit edged up a slight 3.4 percent to 215 million guilders (\$103 million at current exchange rates) in the second quarter, from 208 million guilders the year before.

But reflecting the guilder's strength against the dollar and other major currencies, revenue fell 7.7 percent to 12.28 billion guilders in 1986.

Analysts said the Philips figures were generally in line with expectations. However, the company's unchanged per-share profit of 0.90 guilder was lower than some analysts had forecast, and the share price fell 2.10 guilders Wednesday to close at 53.30 guilders on the Amsterdam Stock Exchange.

Marion Kriele of Banque Par-

is Nederland in Amsterdam said that per-share forecasts had ranged from 0.95 to 1.30 guilders. "But the overall figures were not better or worse than expected," she said. "We see no reason to take Philips off our 'buy' list."

At Van Meer, the Amsterdam brokerage firm, Carl van der Togt said he was reasonably optimistic about the outlook for the second half. He forecast 1987 profit per share at 5 guilders, up from 4.39 guilders in 1986.

In the first quarter, earnings had surged 42 percent to 205 million guilders, producing a 19.3 percent rise in profit for the first half to 420 million guilders. In the 1986 half, profit declined by 19 percent to 352 million guilders.

Sumsome volume in the first half of 1987 rose 5 percent against the like period of 1986. But actual revenue fell 6 percent to 12.16 billion guilders, largely reflecting the strength of the guilder.

Philips said all product sectors had contributed to the rise in volume sales in the first half, with the electronic components and consumer electronics showing the strongest gains.

"The quality of profit is improving bit by bit, and for 1987 as a whole we expect net profit to rise," said Bob Spinosa, a board member, repeating the forecast from the company's 1986 report. Philips's profit for 1986 totaled 1.02 billion guilders.

However, he said Philips had lowered its predictions that volume sales growth in 1987 would outstrip 1986's 6 percent rise. It now expects the annual increase to remain at 6 percent.

"Economic growth in Europe and exchange rate movements of the dollar were somewhat less favorable in the first half than had been expected at the start of the year," a Philips statement said.

Operating profit rose by 12.2 million guilders in the first half, despite the adverse foreign exchange movements.

Operating profit, rose markedly in the United States, Canada, Latin America and Asia but fell by an undisclosed amount in Europe, the company said, due to a worsening of Philips' competitive position caused by currency changes.

Restructuring efforts over the past few years had helped limit the decline in Europe, it added.

Mr. Spinosa said that the largest U.S. drug company explained the decision Tuesday by Amgen to invest \$1 billion to repurchase an undisclosed amount of its common stock and will increase its quarterly dividend to 80 cents from 55 cents.

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Most other major carriers have reduced their costs through lower wages and improved efficiency.

Thorn to Pay \$594 Million For U.S. Rentals Company

Reuters

LONDON — Thorn EMI PLC, the consumer electronics group, has agreed to buy the U.S. rentals chain Rent-A-Center for about \$54 million, or \$27 a share.

The purchase will be funded by issuing 53.4 million new Thorn shares. The new shares represent about 20 percent of the enlarged share capital. They will be offered at 695 pence (\$11.11) each, a dis-

count from Tuesday's closing price of 756 pence on the London Stock Exchange, on the basis of one new share for every 4.38 now held.

Thorn said Wednesday that the combined group would be one of the world's largest buyers of consumer electronic products, increasing economies for both companies.

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Pan Am Profit Of \$10.5 Million Reverses Loss

Reuters

NEW YORK — Pan Am Corp., parent of the seventh-largest U.S. airline, reported a profit of \$10.5 million in the second quarter, reversing the \$152 million loss in the year-earlier period.

The improvement was led by a 35 percent rise in traffic from the depressed levels of last year, when travel to Europe, Pan Am's main destination, slumped because of the Chernobyl nuclear accident and terrorism.

Earnings came to 8 cents a share. Revenue rose 34 percent to \$900 million.

Some analysts consider Pan Am the least likely of the major U.S. airlines to survive as a separate carrier. Its cost for available seats per mile, an industry measurement, rose slightly to 6.89 cents in the second quarter from 6.68 cents in the 1986 quarter.

He said the first of the Australian-built bulk loaders was being installed in Constanta and the second was on order.

Mr. Hancock said there were potential markets for Australian iron ore and coal shipped through the Danube in nine European countries that had substantial steel industries — Romania, Hungary, Yugoslavia, Austria, Czechoslovakia, East and West Germany, Poland and Bulgaria.

These countries taken as a group, he said, imported nearly 82 million metric tons of iron ore a year. Brazil is a leading supplier to Western nations in the group and the Soviet Union to the socialist states.

Mr. Hancock said that Australian iron ore brought in bulk carriers across the Indian Ocean and through the Suez Canal would become cost competitive with Brazilian iron ore carried across the Atlantic to ports in Western Europe.

Most other major carriers have reduced their costs through lower wages and improved efficiency.

Merck Announces Share Buyback

New York Times Service

NEW YORK — Merck & Co. said it will spend up to \$1 billion to repurchase an undisclosed amount of its common stock and will increase its quarterly dividend to 80 cents from 55 cents.

The largest U.S. drug company explained the decision Tuesday by Amgen to invest \$1 billion to repurchase an undisclosed amount of its common stock and will increase its quarterly dividend to 80 cents from 55 cents.

He said Philips had lowered its predictions that volume sales growth in 1987 would outstrip 1986's 6 percent rise. It now expects the annual increase to remain at 6 percent.

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INTERNATIONAL POSITIONS

**Wednesday's
AMEX
Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

By The Associated Press

Digitized by srujanika@gmail.com

INTERNATIONAL HERALD TRIBUNE, THURSDAY, JULY 30, 1987

- ADVERTISEMENT - (Not Supplied by Funds Listed) 29th July 1987

INTERNATIONAL FUNDS (Quotations Supplied by the Funds Listed with the Quotations)

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - monthly; (i) - irregularly.

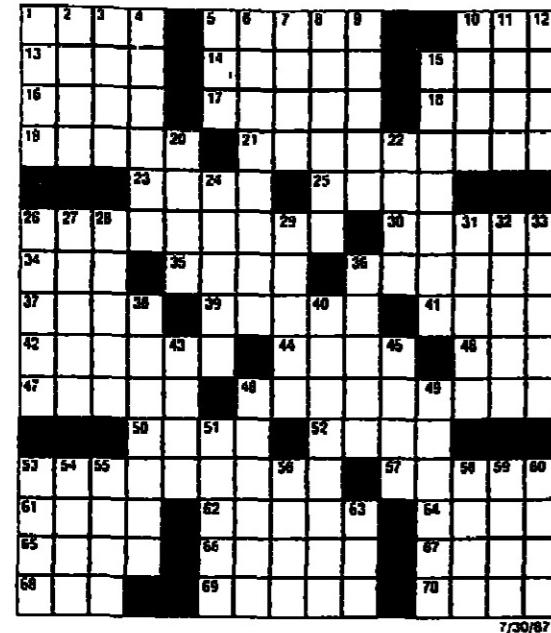
INTERNATIONAL INCOME FUND
 S 289.23 | (d) Short Term 'A' (Accum) | \$ 1,665.00
 S 959.28 | (d) Short Term 'A' (Units) | \$ 1,952.00

The Diversified Syndicate Portfolio							
-i) Al-Mal Trust, S.A.	\$ 269.25	INTERNATIONAL INCOME FUND	S 1,4465	-d) G.T. Management (UK) Ltd.	s 14.16	-d) Universal Bond Select.	
-i) Managed Currency	S 903.75	-d) Short Term 'A' (Accum)	S 8,935.00	-d) G.T. Specialized Services	s 34.98	-d) Universal Fund.	
APAX FINANCIAL CORP.		-d) Short Term 'A' (Distri)	S 1,560.00	-d) G.T. Asian H.K. Funds	s 11.76	-d) Yen Bond Selection.	
Maritime house, POB N-45,Nassau.		-d) Short Term 'B' (Accum)	S 1,110.00	-d) G.T. Asia Fund	s 41.00	THORNTON MANAGEMENT	
(b) Americapital NV.	S 10,20	-d) Short Term 'B' (Distri)	S 1,000.00	-d) G.T. Australia Fund	s 22.00	(d) The Establishment Trust	
BANK JULIUS BAER & CO. LTD.	S 911.75	-d) Long Term	S 3,000.00	-d) G.T. Berry Japan Fund	s 22.00	(d) Pacific Inv't. Fd. S.A.	
(-d) Bartsford	S 159.00	ELDERS (212) 573-0448	S 250.00	-d) G.T. Biotech/Health Fund	s 15.44	(d) Thornton Australia Fd L.	
(-d) Cobalt	S 165.00	Elders Futures Fund	S 250.00	-d) G.T. Bond Fund	s 10.00	(d) Thornton HK & China.	
(-d) Equibond America	S 146.00	ELDERS SWITZ.(800) 24 77 79	SF 100.00	-d) G.T. Britain Fund	s 9.39	(d) Thornton Japan Fund L.	
(-d) Equibond Europe	S 146.00	Elders Int'l Bid SIC 16275 Offer	A\$132.25	-d) G.T. Deutschland Fund	s 22.21	(d) Thornton Orient. Inc. Fd	
(-d) Equibond Pacific	S 149.00	Elders Int'l Bid SIC 12475 Offer		-d) G.T. Dollar Fund	s 28.81	(d) Thornton Phil. Fund L.	
(-d) Groc.	S 225.00	EQUIFLEX LIMITED		-d) G.T. Europe Fund	s 23.00	(d) Thornton Tiger Fund L.	
(-d) Interbond	S 1025.00	FL 11.00		-d) G.T. Euro. Small Cos. Fund	s 19.38	(d) Thornton Pacific Tech.	
(-d) Interbond	S 272.00	FL 12.19		-d) G.T. Hanshin Partnership	s 69.77	(d) Thornton LIL Dragons	
(-d) Multicurrency	S 1,146.00	FL 10.67		-d) G.T. Investment Fund	s 39.49	(d) Thornton Golden Opers.	
(-r) Multicurrency US\$	S 1,146.00	Globe		-d) G.T. Japan Cos. Fd	s 18.26	(d) Eastern Crosser Fund.	
(-r) Multicurrency Ecu	ECU 1,060.76	North Amer. A.		-d) G.T. Japan Countr. Fd	s 17.76	(d) Bond-Invest.	
(-r) Multicurrency Yen	Y 210,240.00	Y 10.67		-d) G.T. South China Fund	s 33.29	(d) DM-Invest. bonds.	
(-r) Multicurrency FFR	FF 100,200.16	P.S. Persons		-d) G.T. Technology Fund	s 33.49	(d) ESPAC Spanish sh.	
BNP INTERFUNDS		ERMITOGE MANAGEMENT		-d) G.T. U.K. Small Companies	S 124.5	(d) Pionier Swiss Sh.	
(-w) Interbond Fund	S 177.74	19 Royal Square, St. Helier, Jersey, C.I.		-d) G.T. U.S. Small Companies	S 124.5	(d) Pionier French Sh.	
(-w) Intercurrency US\$	S 10.47	Erkenraum Fund	S 31.37	-d) G.T. U.S. Small Companies	S 124.5	(d) German German Sh.	
(-w) Intercurrency DM	DM 3045	Cash Fund	S 27.11	-d) ITC Fd (Technology)	S 20.48	(d) Globinvest sh.	
(-w) Intercurrency Sterling	£ 10.19		S 11.00	-d) O'Seas Fd (IN AMERICA)	S 48.00	(d) SEF-invest bonds.	
(-w) Interquiry French Offer	S 11.86			(w) 1 Bld. Royal Luxembourg		(d) Stock (stock price).	
(-w) Interquiry Pacific Offer	S 24.17			(w) 1am Pionier Fund	ECU 110.20	(d) Yen-Invest bonds.	
(-w) Interquiry Amer. Offer	S 12.44			(w) 1am Bonds Fund - France	FF 75.45	(d) Univers. Inv.	
(-w) Interquiry American Class	S 9.98			(w) 1am Bonds Fund - France	FF 75.45	(d) Univers. Sav Amer.	
(-w) Interquiry Australia Cis	S 10.34			(w) 1am Bonds Fund - Deutchland	200.20	(d) Univers. Inv.	
BANGKOK INVESTSUEZ				(w) 1am Bonds Fund - Japan	Y 10,261.29	(d) Univers. Inv.	
(-w) Action Growth Fund	S 20.00			(w) 1am Bonds Fund - Switzerland	FS 25.24	(d) Univers. Inv.	
(-w) Asian Income Fund	S 18.02			(w) 1am Bonds Fund - U.S.A.	S 47.77	(d) Univers. Inv.	
(-w) Avibond	SF 57.00			(w) 1am Bonds Fund - Europe, ECU	99.99	(d) Univers. Inv.	
(-w) BIF-America	S 22.23			(w) 1am Bonds Fund - Netherl., FL	200.48	(d) Univers. Inv.	
(-w) BIF-Europe	S 29.03			(w) 1am Bonds Fund - Netherl.		(d) Unizilla.	
(-w) BIF-International	S 18.12			(w) 1am Bonds Fund - Netherl.		(d) Other Funds	
(-w) BIF-Pacific	S 18.12			(d) J.F. Japan Trust	S 22.35	(w) Actifinance.	
(-w) France Blue chips No 1.	FF 188,200.47			(d) J.F. Pacific Sec. Trust	S 22.35	(d) Actifinance Int'l.	
(-w) France Blue chips No 2.	FF 187,200.47			(d) J.F. Pacific Income Trust	S 22.12	(w) Activis Int'l.	
(-w) Indusuez Multibonds A	S 122.00			(d) J.F. Hong Kong Trust	S 88.12	(w) Activis Int'l.	
(-w) Indusuez Multibonds B	S 22.40			(d) J.F. International	S 15.39	(w) Arab Finance Int'l.	
(-d) Indusuez US (M.M.F.)	S 164.07			(d) J.F. Currents & Bond	S 11.43	(r) Arione Portfolio	
(-w) IPNA-3	S 17.75			(d) J.F. Currents & Bond	S 18.22	(d) Australia Fund.	
(-w) Pacific Gold Fund	S 17.75			(d) Lloyd's 1994/95 Fd	Y 14,911.76	(w) Author Inv'd bond shares.	
BANQUE PRIVEE S. DE ROTHSCHILD				(d) Lloyd's Int'l Growth	S 6.82	(d) Author Inv'd growth abn.	
(b) Cursitor BP Fized Inc. Fund.	DM 99.17			(d) Lloyd's Int'l Growth	S 45.50	(b) Bico Bond Fund	
(b) Cursitor By General Fund -	DM 114.27			(d) High Inc.Gilt Fund	S 77.70	(b) Bico-Baxx Issue Pr.	
(w) Dowels of Int'l. Bond	£ 10,67			(d) Int'l. Monitored Fund	S 97.70	(b) Bico-Bond Fund.	
(b) Eagle Fund	S 1055.88			(d) LLOYDS BANK PLC FOB 480 CBL Genova	Y 14,911.76	(b) BSS Int'l.	
(b) Germany, Sec. Funds	FL 10,274			(d) M. C. Berlelli/200 200611/ext. 2222		(w) BSS Interact.	
(b) Gics Slov.	S 10,274			(d) Lloyd's Int'l. Dollar	S 116.00	(m) Citadel Emer. Gr.	
(b) Leicom	S 25,240.00			(d) Lloyd's Int'l. Europe	S 24.29	(m) Cleveland Offshore Fd.	
(b) Opportunities Fund	S 1,20.97			(d) Lloyd's Int'l. Europe	S 24.29	(w) Columbia Securities.	
(b) Priorp fund	S 1,210.97			(d) Lloyd's Int'l. Europe	S 150.95	(w) Convert. Fd. Int'l A Co.	
(b) Renta Plus	BF 50,316.00			(d) Lloyd's Int'l. Europe	S 150.95	(w) Convert. Fd. Int'l B Co.	
BIF.CAM.	S 11.42			(d) Lloyd's Int'l. Smaller Cos.	S 18.48	(w) Cumber Inv'l Fd.	
(w) Eci Multiplacement	ECU 1058.00			(d) LIMMISAR	S 130.50	(d) Dohner Japan Fund	
MUM BRITANNIA, POB 271, St. Helier, Jersey	S 2,485.00			(d) LIBFLEX LIMITED	S 130.50	(d) Dohner-Bond Fund.	
(-w) In-High Income	S 13.34			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Doctor Max Curr.	S 2.04			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Doctor Max, Per.	S 182.1			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Amer. Inc & Growth	S 1,250			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Gold & Prec. Metals.	S 1,250			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Sterling Mon. Curr.	S 2,944			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Jersey Gilt, Per. Fd.	S 21.80			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Okasan Global Strat.	S 1,672			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) World of Leisure	S 1,123			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
BROADGATE INVESTMENT FUND	S 10.57			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Money Market	DM 27.14			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Non-Money Market	S 11.37			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Bond	DM 28.00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Non-Bond	S 11.00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Global Equity	S 7.24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Global Bond & Equity	S 13.15			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
CAPITAL INTERNATIONAL				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Capital Int'l Funds	S 10.44			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Capital Int'l SA	S 34.72			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
CITICORP INVESTMENT BANK (LON)				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
POB 1073 Lexington, Tel. 477,57.71				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Strategic Investment Fund	S 29.24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
CREDIT SUISSE (ISSUE PRICES)				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) CSF Bonds	SF 78.50			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond S. Swf.	SF 108.50			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Value U.S.-DOLLAR	S 120.10			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Valor D-mark	DM 111.80			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Valor Yen	Y 115,00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Vaal & Sterling	SE 151.45			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Convert! Valor Swf.	S 79.75			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) CSF International	SE 10,24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Actions Sulases	SE 121.50			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Europe-Volar	SE 157.50			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Energie-Volar	SE 60,00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Conosoc	SE 122.00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Usoc	SE 207.75			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Pacific -Volar	SE 10,70			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) CS Gold Volar	S 10,24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) CM Global Gravith	S 10,24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) CM North Amer. Grid	S 10,24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Elvays Court Termite	FF 50,424.13			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Elvays Long Termite	FF 48,267.17			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Elvays Monetore Fund	FF 52,927.00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Europe Prestige Fund	ECU 11.35			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) I.S.E. European Fund	S 29.24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
CREDIT SUISSE (ISSUE PRICES)				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) CSF Bonds	SF 78.50			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond S. Swf.	SF 108.50			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Value U.S.-DOLLAR	S 120.10			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Valor D-mark	DM 111.80			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Valor Yen	Y 115,00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Bond Vaal & Sterling	SE 151.45			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Convert! Valor Swf.	S 79.75			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) CSF International	SE 10,24			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Actions Sulases	SE 121.50			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
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(-d) Usoc	SE 207.75			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Pacific -Volar	SE 10,70			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
DIT INVESTMENT FFM				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) DIT Concentrated	DM 39.00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
DREXEL BURNHAM LAMBERT INC	DM 76.71			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
Winchester House, 77 London Wall				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
LONDON EC2 (01 7209771)				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Winchester Capital	S 159.20			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Finsbury Group Ltd.	S 18.28			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Winchester Diversified	S 14.33			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-m) Winchester Financial Ltd.	S 16.16			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-m) Winchester Frontier	S 17.26			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Winchester Holdings	S 13.44			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) WinchHoldings Ltd.E.B.S.	ECU 107.00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Winchester Recovery Ltd.	S 98.95			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Worldwide Securities	S 87.00			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-w) Worldwide Special	S 76,641.55			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
ECI TRUST COLLEGE (JERSEY) LTD.				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) SIC 51.51, St. Helier, Jersey 00343031				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
TRADED CURRENCY FUND				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
(-d) Int'l Concentrated	DM 76.71			(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
DREXEL BURNHAM LAMBERT INC				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
Winchester House, 77 London Wall				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
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LONDON EC2 (01 7209771)				(d) LIBFLEX LIMITED	S 19.92	(d) Dohner-Bond Fund.	
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AMEX Highs-Lows

(Continued on next page)

Floating-Rate Notes



PEANUTS



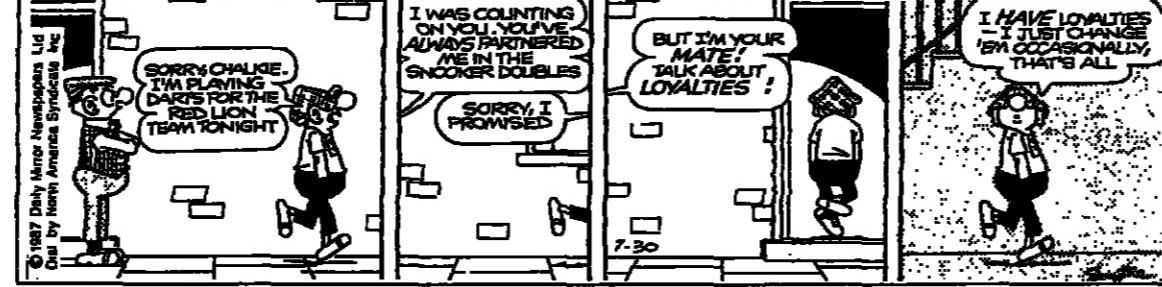
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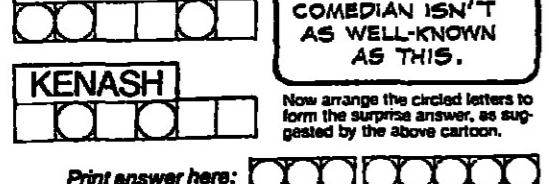
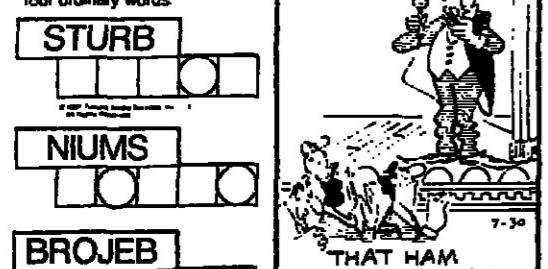


DENNIS THE MENACE



"I KNOW I HAVE TERRIBLE TABLE MANNERS. THAT'S WHY I NEVER USE THEM."

JUMBLE

THAT SCRABLED WORD GAME
by Henn Arnold and Bob Lee

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

(Answers tomorrow)

Yesterday's Jumbles: INKED BROOK UNTRUE EMPLOY

Answer: How that ponderous timber tycoon moved—HE "LUMBERED"

WEATHER

EUROPE HIGH LOW

Asia HIGH LOW

Africa HIGH LOW

Latin America HIGH LOW

North America HIGH LOW

Middle East HIGH LOW

Oceania HIGH LOW

Thursday's Forecast: CHANNEL: SIGHT: FRANKFURT: RAINY, Temps: 17-11 (63-52). LONDON: OVERCAST, Temps: 14-10 (58-52). MADRID: Cloudy, Temps: 20-15 (68-57). NEW YORK: Fair, Temps: 27-19 (81-68). ROME: Fair, Temps: 27-21 (78-66). TOKYO: Fair, Temps: 27-21 (76-66). TEL AVIV: Hazy, Temps: 25-18 (70-65). WIND: 10-15 mph. SINGAPORE: Rainy, Temps: 34-28 (77-68). HONG KONG: Showery, Temps: 27-24 (64-72). TAIPEI: Showery, Temps: 28-22 (77-68). BEIJING: Showery, Temps: 28-22 (77-68). DAKAR: Showery, Temps: 30-26 (86-72). SANTIAGO: Showery, Temps: 27-21 (77-68). CLAUDIO, Temps: 26-21 (73-68). SINGAPORE: Showery, Temps: 27-21 (77-68).

World Stock Markets

Via Agence France Presse Closing prices in local currencies, July 29.

Amsterdam 685 677 662

Paris 226 224 224

Milan 1280 1248 1248

London 2005 1965 1965

Frankfurt 14.20 14.10 14.10

Berlin 2200 2180 2180

Paris 24.00 23.50 23.50

Paris 1.00 1.00 1.00

Paris 22.00 21.50 21.50

Paris 1.00 1.00 1.00

Paris 2.00 1.99 1.99

Paris 2.99 2.83 2.83

Paris 1.00 1.00 1.00

ART BUCHWALD

An All-Expense Dinner

PARIS — Several years ago, while in Paris, I wrote a column titled "Paris on \$500 a Day." The thrust of the piece was that it was still possible to get by in the French capital on \$500 if you passed up lunch. My French friends, as well as Americans living in France, thought the article was very funny. But they aren't laughing anymore.

If you don't worry about prices, you can still have a marvelous time in Paris. What you have to do is forget everything and just decide to live for the moment.

I did this the first night I arrived in town. My wife and I went to a small bistro that boasted two Michelin stars in the Michelin guide.

When the waiter gave us the menu, I thought he had made a mistake.

"I beg your pardon, monsieur," I said. "But I believe you have made an error. You gave me the Bank of France's financial report for the month of May."

"No, monsieur, that is the carte pour dinner."

My wife, who always gets nervous when she sees me selling for over \$15 a portion, whispered to me, "Let's get out of here."

"Don't be silly. We don't get to Paris very often. Let's enjoy it."

I studied the menu carefully. "Now we have our choice. We can have the white asparagus or send Joel to college in the fall."

Paris Orchestra Picks American Director

The Associated Press

BUFFALO, New York (AP) — Semyon Bychkov, music director of the Buffalo Philharmonic Orchestra, has accepted the post of music director with the Orchestre de Paris, according to The Buffalo News. Bychkov's appointment will take effect with the 1989-90 season.

Bychkov, 34, became music director of the Buffalo Philharmonic in September of 1985, after serving for three years as its associate music director and three years as principal guest conductor.



She said, "You mean to say that white asparagus costs as much as Joe's tuition?"

"Yes," I replied. "But they're the large white ones with hollandaise sauce. You can only get them in the spring."

"But," my wife, always the practical one, said, "Joel had his heart set on going to college."

"Look, he can go to school any time. But how often do we come to France and have a chance to order white asparagus? I know if we explain it to him he'll understand."

There were so many dishes to choose from after the first course that I couldn't make up my mind.

Finally I said to my wife, "Remember that house we were going to buy in Martha's Vineyard?"

"The one overlooking the ocean?"

"That's the one," I said. "Let's have the lobster instead."

"You mean you'd rather have lobster than own a house on Martha's Vineyard?"

"But this lobster is cooked in a special cream sauce of the chef. It could be years before we have a lobster like this again. We have to think of our old age."

"I don't know," my wife said, "I had my heart set on that house."

"Well, I may have my heart set on lobster and, since they're both the same price, I think our stomachs should come first."

The waiter handed me the wine bill.

"There's a very nice Pouilly Fuisse," I said.

"Can we afford it?" my wife asked.

"We can if we sell the car when we get back home."

"I need a car," she protested.

"All right," I said. "We'll order an inexpensive Sancerre and cancel the orthodontic work on Connie's teeth."

My wife was becoming agitated.

"If it's costing this much for dinner, how are we going to pay our hotel bill?"

"What do you think the World Bank is for?"

While on vacation Art Buchwald received limited immunity, and the special prosecutor has allowed him to reprint some of his favorite columns.

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ATTENTION: TO BLOW MY TOOT

Toot For I am too tired now. See

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One More Callas Premiere

By William Weaver

ROME — It was like old times, a capacity audience that included former cabinet ministers, leading figures in the arts, movie people, critics, a touch of high society. Maria Callas made her entrance, to great applause, and the minute she began singing, there was absolute silence, broken only from time to time by more applause. Around her were some of the familiar figures — Luciano Visconti, Aristotle Onassis, Franco Zeffirelli — and, between numbers, she spoke in the familiar, incredible voice that could sound in the tones of a duchess one minute and of a fishwife the next.

"Look, he can go to school any time. But how often do we come to France and have a chance to order white asparagus? I know if we explain it to him he'll understand."

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